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**MAJOR ISSUES IN TOURISM DEVELOPMENT IN THE ASIAN AND PACIFIC
REGION: CRISIS AND RISK MANAGEMENT IN TOURISM**

(Item 5 (d) of the provisional agenda)

Note by the secretariat

SUMMARY

Strong optimism about tourism growth in Asia and the Pacific needs to be balanced by greater awareness and understanding that unexpected incidents, including natural disasters, health emergencies, outbreaks of disease and terrorism continuously challenge tourism. The frequency and variety of crises and disasters underscore the importance of establishing standard practices as well as re-examining existing practices in the tourism industry to consider risk management in terms of four phases: reduction (awareness), readiness (planning), response and recovery.

The present document examines three recent incidents and crises that took place in the Asian and Pacific region in order to assess the impact, experiences gained, lessons learned and related issues as the tourism industry responded and went through the recovery phase. The discussion considers the role of the private sector, including the mass media, regional and international organizations, and the Government in three different cases of disaster, emergency and crisis that had a major impact on the tourism industry in Asia and the Pacific.

The issues identified in terms of the lessons learned provide the basis for a number of recommendations that emerge when crisis and risk management in the tourism industry is viewed as a process involving the four phases. Participation by all stakeholders is relevant, but the emphasis is on the role of the government agencies involved in the tourism sector.

Action could be taken at the national and regional levels and specific issue areas could be included in the Plan of Action for Sustainable Tourism Development in the Asian and Pacific Region, phase II (2006-2012).

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Introduction

1. Tourism has contributed significantly to the socio-economic development of many countries in Asia and the Pacific, as well as becoming a major source of foreign exchange and employment. It has been forecast that by 2015, travel and tourism in Asia and the Pacific would be the most important industry for generating employment and economic opportunities throughout the region.

2. Tourism and travel make such a significant economic contribution that any downturn in the level of tourism demand and related activities due to sudden and unforeseen shocks must be a cause for concern. The impact extends beyond airlines, hotels and restaurants to the handicraft industry, retail shops, as well as other sectors, resulting in reduced employment opportunities and hardship. Variations in the geographic scope of the shocks can range from a single destination to national, subregional, or even worldwide destinations. Each situation affects planning, response and recovery. It is clear, however, in all examples that tourism demand is particularly sensitive to the management of security and health concerns by the relevant organizations and authorities.

3. Therefore, any optimism about tourism growth in Asia and the Pacific must be balanced by the awareness that a variety of unexpected incidents, including natural disasters, health emergencies, outbreaks of disease, and terrorism, over the past 10 years have challenged tourism. In addition to damage to tourism facilities and infrastructure, consumer confidence can also be seriously affected, particularly in matters of safety and security. The relative frequency of crises and the perceived possibility of future occurrences make it increasingly important for the public and private sectors to establish standard practices or re-examine existing practices for risk management and mitigation of the impact on the tourism industry.

4. The present document examines several recent crises in Asia and the Pacific with a focus on the impact and the experiences gained as the tourism industry has responded, managed and gone through the recovery process. A number of conclusions and recommendations are presented about the dynamics of crisis and risk management in the tourism industry, giving special attention to the role of Governments.

I. IMPACT OF RECENT DISASTERS ON TOURISM

5. The effects of recent natural disasters, health emergencies and incidents of terrorist violence on the tourism industry are considered with specific focus on the Sumatra-Andaman earthquake and tsunami disaster of 26 December 2004, the outbreak and spread of SARS in 2003 and the terrorist bombings in Bali, Indonesia, on 12 October 2002 and 1 October 2005.

6. Each crisis could be characterized as a set of sudden and unpredictable incidents that compelled different types of responses. The scope of the crisis was different in each case. The Sumatra-Andaman earthquake created a tsunami that affected parts of South-East and South Asia (as well as islands in the Indian Ocean and part of the east coast of Africa). According to the World

Health Organization (WHO), SARS had an impact on at least 19 countries in four continents. The two terrorist bombings in Bali affected one country, although unrest in other countries also has a negative impact on tourism, albeit on a smaller scale. In addition, events in one country would affect the perceptions of a whole subregion.

7. In late 2005, avian influenza is now seen as a potential threat for causing a human pandemic, although in 2003 and 2004 it had been in the form of a series of localized outbreaks of an animal disease which had a significant economic impact on several countries in the region. At this time, countries and areas in Asia need to show that they are able to respond and take action. The magnitude of the effects from a global outbreak of avian influenza would surpass any previous impacts on the tourism sector. Therefore, avian influenza is not included as a topic in the present document.

8. There is a need to evaluate crisis and risk management in terms of preparedness and reaction to health or security threats and natural disasters, and in terms of direct response to the crisis and recovery by the tourism industry.

A. The tsunami disaster

9. On Sunday morning, 26 December 2004, a great undersea earthquake, measuring about 9 on the Richter scale, occurred off the Indonesian island of Sumatra. Shortly afterwards, the earthquake generated the deadliest tsunami in recorded history which devastated the shores of many countries, including Bangladesh, India, Indonesia, Malaysia, Maldives, Myanmar, Sri Lanka and Thailand.

10. After a few hours, reports began documenting the magnitude of this rare natural disaster in the Indian Ocean. Over 200,000 people were dead or missing and millions made homeless. Houses, hotels, clinics, roads, railways, small fishing boats, shops, vehicles, small family businesses and hundreds of thousands of jobs were lost.

11. The tsunami was sudden and unexpected, giving little time for local authorities or tourism workers to adequately warn thousands of people. In India, 12,407 people lost their lives and 3,874 were missing. There were 131,029 deaths and about 37,000 missing in Aceh Province in Indonesia. Deaths in Maldives totalled 82, with 26 missing. The total number of those who were missing or lost their lives in Sri Lanka was 38,940. In Thailand's southern provinces of Phuket, Pang Nga and Krabi, 5,395 people lost their lives in the disaster, 2,248 of whom were foreign nationals, while 2,817 people remained missing.¹

12. While 2004 was a record year overall for international arrivals in South, South-East and North Asia, the possibility of another record in terms of visitor arrivals for 2005 was in doubt, mostly for Maldives, Sri Lanka and Thailand, where the tourism infrastructure experienced the direct effects of the tsunami.

¹ United Nations Development Programme, *Thailand: Field Situation Report No. 17*, 11 August 2005.

13. Maldives experienced the tsunami as a disaster of national proportions, which had a significant impact on the whole economy. Among 200 inhabited islands that sustained damage, all buildings were destroyed on 25 islands, while 191 islands were flooded to some extent. Thirty-nine islands were significantly damaged and nearly a third of the 300,000 local inhabitants were severely affected. Fourteen islands were completely destroyed and had to be evacuated and about 7 per cent of the population was displaced. Among 87 tourist resorts, 19 had to be completely evacuated, while 21 suffered damage. According to estimates, losses for the tourism sector amounted to US\$ 230 million, which was about 49 per cent of total country losses. The total costs for short- and medium-term reconstruction were estimated to be US\$ 406.3 million, the largest share for the tourism sector being US\$ 100 million. By early October 2005, it was reported that tourism faced a slow recovery. In terms of tourist arrivals, it was said that the country has been pushed back by eight years, which would mean a 37 per cent reduction in arrivals. Direct income from tourism was reduced by over US\$ 40 million, which included 68 per cent of government revenue in 2005.

14. Sri Lanka reported that overall arrivals of international tourists showed strong growth of about 13 per cent from January to June 2005. This result suggests a recovery from the tsunami. However, hotel operating statistics show that Colombo has been performing well, but the seaside resorts, such as Galle and the southern and south-western coast, were not. For Sri Lanka as a whole, the number of foreign guest nights in February 2005 was 165,576, compared with 417,062 in February 2004. In June 2005, the number of foreign guest nights was 165,263, compared with 214,687 in June 2004. The south coast (including up to and beyond Galle) recorded 22,119 foreign guest nights in February 2005 compared with 170,919 in 2004. By June 2005, the south coast recorded 35,107 foreign guest nights, compared with 65,282 in June 2004.²

15. A significant share of the tourism industry in Thailand is based on seaside resort holidays, including the Andaman coast in southern Thailand. For example, Phuket Province normally accounted for about US\$ 2 billion in tourism receipts, mostly from international visitors, during the high season from December to February. Hotel occupancy rates in Phuket for the first seven months of 2005 ranged from a low of 30 per cent to just over 48 per cent, whereas the normal range would be 55-85 per cent. During the first half of 2005, revenues in Phuket were only 24 per cent of usual levels. It was reported that as many as 400 hotels, restaurants and souvenir shops in Phuket had closed, leaving over 5,000 people unemployed.

B. Spread of SARS

16. In early 2003, SARS struck suddenly and spread quickly to a number of specific locations around the world owing to the openness and interconnectedness of globalized travel and tourism. Within weeks it had spread from southern China through parts of Asia to North America and Europe, on a journey that started with denial and slow reactions to the medical emergency. At first there were

² Sri Lanka Tourist Board, *Monthly Statistical Bulletin*, various issues.

rumours, speculations and fear, but that was finally stopped by decisive action, global cooperation and some strengthening of international response capacity. According to WHO, as at September 2003, there were 774 fatalities from 8,098 cases worldwide. While the number of fatalities was not large, the outbreak of SARS clearly had a crisis impact for international tourism, especially in Asia and the Pacific.

17. The Philippines was affected when Taiwan Province of China imposed travel restrictions, since it was the fourth largest source of tourists and the fifth most important source of foreign investment. Many regional business conventions were cancelled, which could undermine business confidence and threaten future business contracts. In April 2003, all 15 trade fairs scheduled to be held in Singapore were cancelled and about 15,000 people working in the business convention sector were affected. In Hong Kong, China, international passenger traffic was reported to have declined by 50 per cent since mid-March 2003 due to SARS. Many flights scheduled for April had been cancelled. In the last week of March, hotel occupancy was down by 30 per cent compared with 2002. Occupancy in some hotels in Beijing was reported to have dropped to 20 per cent compared with the usual rates of 90 per cent during the peak period. Domestic tourism was affected when the Government of China imposed travel restrictions on many tourist resorts to prevent the spread of SARS.³

18. Thailand was not severely affected by the disease, but in April 2003, losses were estimated to be as much as US\$ 1.63 billion from the tourism downturn, according to the Thai Chamber of Commerce. Tourist arrivals had declined by 12 per cent from March to the end of April 2003. Tourism in Malaysia accounted for 7 per cent of gross domestic product (GDP) and the estimated loss was about US\$1 billion. By the end of April, airline bookings to Malaysia were down 40 per cent, tourist arrivals declined by 36 per cent and hotel occupancy was down to 42 per cent. Tourism contributed 10 per cent to GDP for Singapore in 2003 and many visitors were Chinese. In less than a month after the crisis began, hotel occupancy declined by 65 per cent and tourist arrivals had fallen by 70 per cent by late April. The Government of Singapore estimated a decline of about US\$ 875 million, or about 1 per cent of GDP, due to the SARS crisis. WHO had declared the Philippines to be SARS-free, but its tourism industry felt the impact.⁴

19. The effects of SARS on tourism in Viet Nam occurred during the low season, but there were serious declines in tourist arrivals by air, by 50 per cent between mid-March and mid-April 2003 and by 75 per cent between April and May. Hotel occupancy was only 20 to 30 per cent. By August and September 2003, the number of tourists had recovered to pre-crisis levels.

20. According to the Pacific Asia Travel Association (PATA), in the first six months of 2003, destinations in South-East and North-East Asia experienced a decline of almost 14 million visitor

³ Asian Development Bank, Asia Regional Information Center, Asia Economic Monitor, "Economic Impacts of the SARS outbreak on East Asia: an initial assessment" (http://aric.adb.org/sars/spotlight_sars_outbreak.asp).

⁴ Ibid.

arrivals. By the end of 2003, international visitor arrivals to South-East and North-East Asia had declined by more than 15 million and tourism receipts were down by US\$ 11 billion. Estimates of the global economic impact of SARS have ranged from US\$ 16.5 billion to US\$ 30 billion.

21. One significant impact of SARS on the tourism industry was the added outbreak of an “information epidemic”, when a few facts mixed with fear, speculation and rumour were amplified and quickly relayed worldwide by modern information technology. National, regional and international economies and politics were affected in ways totally disproportionate to the reality. This information epidemic was a complex phenomenon caused by the interaction of the mainstream media, the specialist media and Internet sites, and the informal media, such as wireless phones, text messaging, pagers, faxes and e-mail.

22. According to WHO, the outbreak may have started as early as November 2002 in Guangdong Province of southern China. When the Chinese Ministry of Health advised WHO in February 2003 about an outbreak of an acute respiratory syndrome causing 5 deaths in 300 cases, the world began to take notice. Within weeks, similar cases of respiratory disease were reported in Hong Kong, China; Hanoi, Viet Nam; Singapore; Taipei, Taiwan Province of China; and Toronto, Canada. On 15 March 2003, WHO named the mysterious illness the “severe acute respiratory syndrome” and declared it a worldwide health threat.

23. The rapid spread of the disease, lack of knowledge about its origins, genetic code or specific forms of transmission sparked a media frenzy of speculation and misinformation. According to PATA, as a result, travel into and within Asia came to a virtual stop overnight. Corporations banned or restricted business travel, conventions were cancelled and leisure travellers stayed at home or went elsewhere. In many cases, airlines, hotels and tourist attractions lost more than 50 per cent of their business within a few days and tourism-related business had decreased by as much as 80 per cent within weeks.

24. The impact was not restricted to countries where people were afflicted with SARS. Apprehensive long-haul travellers, particularly from the United Kingdom of Great Britain and Northern Ireland, Europe and the United States of America chose to avoid travel to the Asian and Pacific region. In the quarter April-June 2003, international visitor arrivals to Asia and the Pacific declined 34.6 per cent and in the quarter from July to September, international arrivals fell a further 5.1 per cent. In destinations with outbreaks of SARS, the impact was even more dramatic.

25. The sudden impact forced many small-scale tourism operators to close their doors. Larger companies, such as the major hotel chains, continued to operate, but most had to scale back their operations, introduce compulsory unpaid leave, lower wages and in many cases lay off personnel. It was later estimated by the International Labour Organization that about 2.8 million tourism-related jobs would be lost as a result of SARS. However, the strong negative impact of the SARS crisis lasted only a short time. By early July 2003, WHO had lifted the travel advisories and declared that SARS

outbreaks had been contained worldwide, although continued vigilance was still required. Countries, areas and regional groupings in South-East and North-East Asia began to take recovery measures.

C. The Bali bombings as terrorist attacks

26. The holiday peace on the island of Bali in Indonesia was shocked when a series of bomb blasts were triggered by terrorists at about 23.15 hours on Saturday, 12 October 2002. Blasts in the Kuta beach area killed 202 people, international tourists and locals alike, with several hundred people injured. The effects of the bombing struck at the heart of tourism and triggered a crisis that had never been seen before in Bali and shocked the world. The tourism industry was immediately devastated as hotel room occupancy rates for many establishments that usually ran close to 100 per cent in the high season fell to less than 10 per cent owing to a mass exodus of international visitors.

27. Inbound air capacity was cut back, businesses closed and many Balinese were unemployed. International arrivals had averaged 4,650 people per day in the two-week period before the 12 October attack. The number of international arrivals had gone down to only 750 people by 30 October.

28. Until the bombing, Bali had enjoyed a solid reputation as a peaceful and safe tourist destination. The island had been untouched by the turmoil in other parts of Indonesia since the economic and political crisis of 1997. The tragedy of 12 October 2002 received quick and graphic coverage through the international mass media, showing that most of the dead and injured victims were young foreign tourists, mostly from Australia. The Bali bombings were distinctive, because direct attacks on tourists are extremely infrequent worldwide. However, cancelled bookings and the negative travel advisories issued by a number of Governments from tourist-sending countries contributed to a prolonged lack of visitors for a number of months immediately after the bombings.

29. The economic impact on Bali was devastating, since about 1.3 million Balinese, about three fourths of 1.7 million employed people, relied on tourism and related activities for their livelihood. In addition, tourism accounted for about 25 per cent of Bali's US\$ 1.8 billion regional GDP, which was directly attributable to tourism. The share went up to about 50 per cent when services indirectly related to tourism were included. Once recovery was under way, authorities also needed to regain and rebuild visitor confidence. International evidence has indicated that the impact of terrorist shocks on tourism is temporary rather than permanent. However, this does not contradict the fact that destinations might experience loss of growth over several years before returning to their normal trend.

30. Bali had started regaining some visitor confidence, but on 1 October 2005, three suicide bombers made a coordinated attack on three tourist sites and killed 22 people. It is quite early to gauge how strong the impact will be on tourism in Bali. Government leaders were concerned that bombing would spoil the international reputation of Indonesia. One analyst observed, however, that

the immediate reaction seems to have been less severe than in 2002, perhaps because the incidence of terrorism worldwide has increased, and tourists are factoring these risks into their travel plans.⁵

II. EXPERIENCES WITH TOURISM RESPONSES TO CRISIS

31. While Governments, tourism stakeholders and regional organizations in Asia and the Pacific would be involved, Governments were expected to lead the response and implement policies to offset downturns in tourist demand. This meant that policymakers were then faced with addressing the immediate issues of (a) tourist safety and security, (b) a communication strategy, and (c) choices of what actions to take, particularly since many policy measures would be costly to implement and vary in terms of relative effectiveness.

A. Responses to the tsunami

32. Immediate relief operations concentrated on helping the affected populations to receive basic emergency assistance and health care quickly. These interventions minimized secondary loss of life and averted large-scale epidemics. A prevailing pattern in the aftermath of any disaster was seen in the case of the tsunami, when the affected communities themselves were the first and primary actors in early relief efforts. Where the tourist industry was directly affected, the immediate response by the people and the Governments of Maldives, Sri Lanka and Thailand showed compassion and care for both foreign and local victims.

33. The international mass media responded quickly by helping to disseminate information throughout the world. The widespread awareness made it possible for the international community to come together to launch a well-orchestrated relief effort.

34. The first regional response of the tourism industry took place in early February 2005. A special session of the Executive Council of the World Tourism Organization was held in Phuket, Thailand, to develop an emergency plan of action for recovery and normalization of tourism in the affected destinations. The Council adopted the Phuket Action Plan, which focused on the human element in order to save tourism jobs, re-launch small tourism-related businesses, and recover the flow of visitors. The main goal was to speed up the recovery of tourism by restoring travellers' confidence in the region. The Plan had five operational areas: marketing-communications, community relief, professional training, sustainable redevelopment and risk management. Activities were spelled out for the regional level along with specific actions at the national level for Indonesia, Maldives, Sri Lanka and Thailand. The donor community was requested to contribute to the implementation of the Plan through financial donations, the contribution of materials or the loan of expert staff. Fourteen countries at the meeting made offers of assistance, international organizations promised support and the private sector pledged assistance in the area of marketing-communications.

⁵ Economist Intelligence Unit, Viewswire: Country Briefing, 4 October 2005 (www.viewswire.com).

35. In the meantime, officials at the national level were already organizing for crisis management, as well as making and implementing policies. Responses at the national level focused on the immediate clean-up, returning key tourism destinations to normal and launching international marketing campaigns to restore the confidence of tourists and recover tourist demand.

1. Maldives

36. The Government acted quickly to carry out a relief and rehabilitation operation with support from United Nations agencies, NGOs and other development and military partners. On 26 December 2004, a Ministerial Committee and a Task Force were set up and all officials were concentrated in the National Disaster Management Center to facilitate response and coordination. Communication was restored to 11 atolls within the first 24 hours and from 27 December 2004 relief supplies were distributed. The Ministry of Defense coordinated the overall relief effort and the Ministry of Finance and Treasury coordinated donor assistance. The Government set up the Tsunami Relief and Reconstruction Fund with funds from the budget as well as local and international sources.

37. Bringing tourists back as quickly as possible was considered the key for minimizing the financial impact. This required a focused marketing message to the travel trade and tourists that most resorts were unaffected, Maldives was safe to visit and visitors were welcome. The recommended budget for the marketing effort was US\$ 2 million. In order to relieve the financial burden on resort owners, it was recommended that a partial waiver be allowed of lease payments for beds not in operation and duty-free imports of construction materials for rebuilding. Funds from various aid organizations would be channelled through financial institutions for lending to small and medium-sized enterprises (SMEs) in tourism and other sectors in response to cash flow problems.

2. Sri Lanka

38. The Task Force for Rebuilding the Nation was set up as an extra-governmental body reporting directly to the President in order to handle reconstruction and rebuilding in 11 sectors, including tourism. The Task Force was responsible for assessing the damage; developing a detailed and comprehensive Development and Infrastructure Rebuilding Action Plan; coordinating the approved Action Plan to be implemented by all parts of the Government with cooperation from the private sector; coordinating all donor assistance, fund-raising and other sources of financing for implementing the Action Plan in consultation with relevant ministries; and drafting a bill urgently to set up a more permanent authority to succeed the Task Force.

39. The Ministry of Tourism of Sri Lanka developed a two-part tourism recovery strategy. The first part aimed at restoring tourism facilities rapidly. The second part was an international marketing campaign, "Bounce Back Sri Lanka", developed with help from the tourism private sector. The Tourism Marketing Recovery Programme had a budget of US\$ 5.3 million for the comprehensive international media campaign. Tour operators and SriLankan Airlines have introduced special

promotions in targeted countries to recover tourist demand and increase arrivals for the next season, which began in October 2005. The Government introduced incentives for hotels and tourism-related enterprises, including import duty waivers for hotel refurbishment and special loans for microenterprises and SMEs up to US\$ 500,000 with a one-year grace period.

3. Thailand

40. Management and response to national disasters were already under the direct authority of the Prime Minister, which meant that no ad hoc structures or task forces had to be created. The National Defense Council was used to bring the armed forces and other ministries into a response framework. The armed forces were involved in relief operations during the first week. Other ministries and departments deployed staff and other resources to the region rapidly to support provincial and local authorities who were already part of the central Government. The Government accepted technical assistance from foreign Governments and NGOs, but affirmed that there was no need for international aid.

41. In March 2005, the Government created a Tourism Restoration Committee with full authority and resources to carry out five restoration strategies for a new promotional programme, called “Andaman Tourism”. The strategies include one focused on general measures for the recovery and development of tourism resources, and the other four on two beaches, one island and one resort. The marketing and promotion budget was increased by US\$ 19.5 million.

42. The Government produced master plans for rebuilding various beach resorts, but the private sector began rebuilding on its own. There were public meetings between operators in the tourism industry and government departments on the master plan for certain beaches.

4. Early results of crisis response

43. By early February 2005, tourists were once again being welcomed to the affected countries. About 80 per cent of the resorts were operating normally in Maldives. Some beach areas remained closed in Sri Lanka, but cultural tourism to the interior of Sri Lanka continued. Phuket, Thailand reported that about 75 per cent of its resorts were operational. There was also a coordinated effort in Thailand to stimulate domestic tourism demand as a short-term buffer in the light of reduced international demand.

44. At the start of the fourth quarter of 2005, tourism to affected areas along the Andaman coast had not returned to pre-tsunami levels. If previous experience with natural disasters provides any guidance, some decrease in economic activity should be expected, followed by policy responses that tend to involve increased government spending, leading ultimately to economic recovery, perhaps within about a year.

B. SARS

45. The SARS health crisis involved a unique set of responses from the tourism industry. Unlike the physical destruction caused by the tsunami, SARS had a more psychological impact on the tourism industry that was dramatic and immediate, by creating a sense of panic and fear throughout Asia. Medical professionals, such as WHO officials, acted on the side of caution as they focused on proper immunization and treatment for SARS. Recognizing that the impact of SARS had become wider than any single destination within Asia, a collective regional response was considered to be one effective solution. This was particularly important for reviving intraregional travel demand, which was the source of almost 65 per cent of all arrivals in Asia.

46. In June 2003, PATA launched Project Phoenix, a three-month project to restore consumer and business confidence in Asian and Pacific travel. As part of recovery, Phoenix was a communication and information project with the clear objective of persuading consumers and travel agents that Asia and the Pacific should return to their list of travel destinations. PATA knew that the region's reputation as a warm, welcoming and safe region for travellers had to be restored, since no amount of price discounting would persuade scared and sceptical travellers to return.

47. A proactive public relations blitz was the first response that would take advantage of speed, low cost and high credibility. Project Phoenix used an intensive burst of press releases, interviews and backgrounders to tackle the myths and misperceptions about SARS. PATA was also positioned as an authority for comments and reliable statistical information in response to questions from the major international news media. One international cable news network sought a leading role in the recovery process and recognized the significance of the travel and tourism industry as part of its advertising base. The network approached PATA and offered to jointly develop a campaign to restore confidence in the region by providing free airtime and advertising space. The offer resulted in a powerful 60-second TV campaign called "Welcome Back" which was widely acclaimed by the travel industry. The commercial was launched on 18 August 2003 and was estimated to have reached about 130 million households in Europe and Asia and the Pacific.

48. Following the success of "Welcome Back", Project Phoenix launched four other major media campaigns based on the theme of regional tourism recovery. The campaigns included a series of eight 60-second vignettes called Asia Pacific Guides, which showcased the best holiday attractions of the top supporters of Project Phoenix: Australia; Canada; Hong Kong, China; India; Macao, China; Malaysia; Singapore; and Taiwan Province of China. The two-month campaign was launched on 17 September 2003 and broadcast to 74 million households in Asia, the Pacific and Europe. Television advertisements lasting 30 seconds were designed to bring consumers to PATA's new website (www.TravelWithPATA.com). The US\$ 400,000 campaign, which ran from September to the end of December 2003, was seen by about 12 million households.

49. Through the PATA website, there were special travel offers from PATA members, updated weather reports, maps and currency exchange guides. The website helped to position PATA as a source of reliable and accurate information about travel in the Asian and Pacific region.

50. Each destination in Project Phoenix also began its own campaign to win back tourists by offering special discounts and value-added offers. Project Phoenix had created a more receptive environment for those campaigns in key source markets. At the national and subregional levels, the Government of China helped to stimulate travel demand to destinations such as Hong Kong, China and Macao, China. In the weeks immediately following the SARS scare, the Government of China changed its policy on outbound tours by expanding the number of cities receiving approved destination status. In addition, the outbound tourist policy was liberalized to allow foreign individual travellers to enter Hong Kong, China and Macao, China for the first time, thus stimulating demand and quick recovery for those two destinations.

C. Bali bombing as terrorist attack

51. Unlike the tsunami and SARS, the 12 October 2002 bombing in Bali, Indonesia, was an act of terrorism that affected a single destination directly and targeted tourists specifically, which made managing the crisis a unique challenge. This is the case even though there were some indirect effects based on the image and tourists' perceptions influencing travel decisions to the rest of the subregion. The main factor in effective management after the bombing was the patience and resilience of the Balinese people in their efforts to save lives, maintain peace and re-establish the dignity of their religion and island.

52. On 13 October 2002, the Ministry of Culture and Tourism of Indonesia began the period of rescue by establishing media centres in Jakarta and Bali to serve as communication and information hubs for the press, the tourism industry and the public. This provided a platform for the news media to enable them to maintain regular contact with public and private sector tourism stakeholders. Such contacts were essential for maintaining a dialogue during a time when tension and speculation were strong. On 26 October 2002, during the 10th Asia-Pacific Economic Cooperation Leaders' Meeting, held in Mexico, the President of Indonesia called on leaders from other countries to lift travel bans and advisories about travel to Indonesia in the wake of the Bali bombing as a matter of urgency. The President reminded world leaders that introducing such restrictions only contributed to social and political panic, thus handing a victory to perpetrators of terrorist acts.

53. In subsequent weeks, the Ministry of Culture and Tourism and the private sector organized a series of trips to Bali to meet with the families of victims and share the sorrow of their losses. A purification ceremony was held on 15 November 2002 where thousands of people from around the world gathered to cleanse the blast site of restless spirits in a unique demonstration of Balinese beliefs. The world was reminded that Balinese people have a gentle and religious outlook, and this played a key role in the recovery of Bali's image as a safe and charming tourist destination.

54. Another factor contributing to the quick recovery in the weeks immediately following the bombings was the rapid response by Indonesian and international law enforcement personnel to investigate evidence and then capture the bombers. This reassured potential visitors that Bali was safe. Visible signs of security at hotels and other tourism facilities also helped to reassure tourists in their perceptions of Bali.

55. The Ministry of Culture and Tourism designated January-June 2003 as the rehabilitation period. Meetings were held with major European tour operators to encourage a quick return of tourists to the island. People from the media and the tourism industry went on familiarization trips in order to obtain information that could reassure people that Bali was safe, even if some Governments continued to issue travel advisories on Indonesia. In order to show that Bali had returned to normal, the Government encouraged domestic tourism. Scenes of local tourists at hotels, beach boardwalks, shopping areas and other tourism attractions demonstrated a return to normal, which was then conveyed in media reports to key tourist markets around the world.

56. During the last six months of 2003, the Ministry and the local government in Bali continued recovery efforts with a normalization phase designed to bring visitor numbers back to pre-crisis levels. One event that signalled success in Bali's recovery occurred at the one-year anniversary of the Bali bombing, on 12 October 2003. Balinese people organized a mass prayer ceremony for the families and friends of victims and for the island to appease the gods and request forgiveness. The prayer ceremonies were covered by the world's major television networks and seen by a global audience.

57. Stimulating domestic demand for travel and tourism was one of the most effective responses by the Government in the weeks immediately following the bombing. The Government announced additional national holidays and encouraged residents of major metropolitan areas of Indonesia to travel to Bali so that domestic tourism could stimulate economic activity.

58. In reaction to the Bali bombings on 1 October 2005, Western countries applied stricter advisories against travel to Indonesia. Despite their Government's advisories, however, Australian visitors continued to be attracted to Bali, although their numbers might not have been as large as before. It is significant that countries such as Japan and Malaysia, each of which accounted for about 10 per cent of arrivals to Indonesia as a whole, decided not to strengthen their advisories. One reason offered was that Indonesian security forces had made advances in containing the terrorist threat since 2002, suggesting that the immediate impact of the attacks might be less severe than in 2002. It is still unclear what the long-term effects will be for the economy of Bali and Indonesian tourism as a whole.⁶

⁶ Ibid.

III. LESSONS LEARNED AND ISSUES FOR CRISIS AND RISK MANAGEMENT IN TOURISM

59. Experiences with the three different cases of crisis point to a number of lessons learned and issues related to the management of crisis and risk in the tourism industry of Asia and the Pacific. The issues should be seen in terms of the lessons learned which Governments, as well as other tourism stakeholders, need to address when developing strategies that cover four phases of crisis management: reduction (awareness), readiness (planning), response and recovery.

60. The first lesson for the reduction or awareness phase is to recognize that risk exists, because this is the most important step towards reducing exposure. Leaders and policymakers might be reluctant to admit that they lack awareness in the belief that acknowledging risk could have a negative effect on the reputation of a destination. Recent crises should remind them that potential international travellers worldwide are sensitive to the impact and risks of natural and man-made disasters. In the case of the tsunami, it was recognized that no nation could be prepared for a catastrophe of such scope. This highlighted the shortcomings of existing preparedness systems or the lack of any system, and the need to enhance them significantly. The level of risk awareness among the population of tourists, local people and people in the tourism businesses was very low.

61. A second lesson involves issues related to the readiness or planning phase. Disasters do not recognize borders and can affect entire regions, as in the case of SARS. It would be dangerous for people's lives, their livelihood and tourist businesses to think that some form of crisis could not happen at a particular destination. By recognizing that some types of crisis can occur any time, anywhere and to anyone, tourism businesses and government tourism agencies should be more willing to spend time and financial resources to prepare for crisis or emergency contingencies adequately. It is only through preparation and planning that government agencies, individual businesses and the local community are able to be ready and to minimize loss of life, property and reputation at a tourist destination.

62. Another lesson learned with respect to the readiness phase is that a clear legal framework and institutional structures are important for establishing clear lines of communication, ensuring adequate horizontal and vertical coordination and strengthening the ability to allocate and disburse funds. Confusion and weakness in these areas caused difficulties in the response phase. Where there was a lack of preparedness, the involvement of civil society organizations and private businesses helped to fill gaps in relief efforts.

63. A third lesson concerns the response phase and points to the basic importance of managing perceptions and reassuring tourists in order to mitigate the impact of unfavourable mass media reports or home government negative advisories and warnings in response to crisis at a tourism destination. Consumer perceptions are fundamental to a healthy and vibrant travel and tourism industry, but there is a need for increased understanding about possible risks. Contingency plans are the best indicators

that risk has been understood and accounted for. Tourists tend to seek information from their Governments, including advice about risks during travel and at various tourist destinations. Many Governments have developed a system of travel advisories in order to advise their nationals about the risks of travelling to certain destinations. While advisories can be a valuable service that Governments provide for their citizens, some developing countries raise concerns about possible misinformation, bias, lack of timely updates and warnings that are too broad. During the outbreak of SARS, an emergency travel advisory issued by WHO was seen as a factor that affected consumer confidence about travel to certain countries.

64. Another lesson for the response and recovery phases in crisis management is the importance of effective communication and the influence of the global mass media on consumer perceptions. Businesses at tourist destinations and Governments often perceive that the media emphasizes their vulnerability and sensationalizes events. In turn, this could create fear for many consumers, even if that fear is unwarranted. However, where communication is not effective and more definitive information is unavailable, it is understandable that fear might prevail. In times of crisis and emergency, the Government and local authorities must have plans, capabilities and responses so that their communications are clear and forthcoming. This reduces the likelihood of the global mass media broadcasting distorted images or misinformation.

65. In the case of SARS, for example, Governments had no clear idea about what they were dealing with and accurate information was in short supply. In this information vacuum, the media had little choice but to fill the gaps by asking experts to speculate on likely outcomes, to answer “what if” questions and thus create great headlines that rarely gave a balanced picture of the situation. In fact, it was not until 16 April 2003 that WHO announced a conclusive identification of the agent causing SARS as an entirely new strain of the coronavirus family.⁷ By May 2003, the tourism industry had realized the severity of the crisis, as well as the possibilities for the length of time it would last.

66. The fourth lesson learned relates to the recovery phase of crisis management and focuses attention on the speed of return to normal activities as well as the degree of capability (in the form of a crisis management system) that has been added or strengthened in order to resist or minimize the impact of possible future crises. Some developing countries received donor funds during the immediate aftermath of a crisis as emergency assistance. In future, it might be necessary for donor funds to have a longer-term focus beyond immediate emergencies in order to include prevention and preparation within aid packages.

67. Governments and the private sector at tourist destinations have generally shown that they are constrained by a reactive approach rather than proactive crisis and risk management involving awareness and planning. Financing post-disaster reconstruction and rehabilitation programmes affect

⁷ World Health Organization, “Update 95 - SARS: Chronology of a serial killer” (www.who.int/csr/don/2003).

the speed and level of recovery and need to be considered systematically, particularly since certain kinds of disasters will continue to occur. When there is a disaster or crisis in developing countries, the public and private sectors may already be struggling financially and find it difficult to divert resources to relief efforts. At the same time, developed countries that already provide resources through a variety of aid packages may have to find additional funds for emergencies.

68. Establishing a more open cooperative relationship with the mass media could help the travel and tourism industry during the recovery phase. This type of relationship would enhance the industry's ability to communicate in a clear, accurate and timely fashion. The mass media could also become an essential component of early warning systems by improving lines of regional and global communication.

69. Coordinated communications, information exchange and cooperation are essential during all phases of crisis management. This is an especially important lesson for the tourism industry, since public perceptions could be influenced by misinformation and misperceptions. In the heat of a crisis, people and organizations can often duplicate and, in some cases, undermine, efforts being made by others. Government agencies, private sector businesses and NGOs should complement each other through coordination.

70. The ability to cooperate at all levels in the travel and tourism industry is critical. The sectors may be linked so they can rely on each other to prepare, respond and recover from a crisis. One other lesson learned from the recent crises in Asia and the Pacific is increased recognition of the value of local, national, regional and global cooperation involving both the private and public sectors. The tsunami, SARS and the Bali bombings have generated some display of regional unity, and destinations and brands that are usually highly competitive have ended up working together for the common good. Linking all direct and indirect stakeholders at the global, regional, national and local levels could help to speed up the reaction time and strengthen effectiveness aimed at reducing or avoiding human, economic and social losses from natural and human disasters and health-related issues.

IV. RECOMMENDATIONS AND CONCLUSIONS

71. A number of recommendations emerge from consideration of the issues and lessons learned about crisis and risk management in tourism. Crisis management can be seen as involving four distinct phases: reduction (awareness), readiness (planning), response and recovery. These phases provide a framework for a series of recommendations based on the discussion in this document. Particular emphasis is given to the role of government agencies in the tourism sector. It is recognized that crisis and risk management in tourism is part of a more comprehensive national strategy of crisis and risk management involving natural and man-made disasters. However, there are unique features of the industry that require special attention and action where tourism makes a significant contribution to national development.

72. Recommendations for each of the four phases are given below.

Risk reduction (awareness) phase

(a) Tourism-related government agencies need to conduct ongoing analysis of their internal strengths and weaknesses, particularly in the light of existing and emerging external opportunities and threats; such a continuous process enables evaluation of the likely impact of a particular type of crisis, which in turn allows for continuity and contingency plans to be made and implemented;

(b) Tourism-related government agencies should evaluate existing crisis management and control programmes; hazards at particular destinations, its infrastructure capacity, resources, policies and processes;

(c) Tourism-related government agencies should identify potential gaps in their institutional capabilities and identify which capabilities need to be strengthened to improve responsiveness and which can be provided by the private sector or local communities.

Readiness (planning) phase

(a) Tourism-related government agencies should evaluate their crisis exposure and develop strategic, tactical and communication plans;

(b) Tourism-related government agencies should have a crisis management readiness programme, which is part of a destination's operating environment;

(c) Tourism-related government agencies should make provision, including a budget, for a permanent senior executive position that is directly responsible for risk management issues;

(d) A network of national and regional tourism crisis management centres could be established in order to manage media relations, information flows and other sensitive communications during the response and recovery phases;

(e) A communications tree should be established through the proposed crisis centres to link tourism stakeholders from both the public and private sectors, national and regional associations and other relevant bodies to help ensure a consistent flow of information to consumers, the media and Governments and possibly serve as an early warning mechanism in the event of crisis;

(f) There should be established capability in the appropriate governmental agency to effectively counteract or clarify conditions related to negative travel advisories and efforts should be made to devise a more objective and equitable rationale for travel advisories worldwide.

Phase involving responsiveness (especially the initial response during the event and in the immediate aftermath)

(a) Tourism-related government agencies should make use of effective contingency plans to help control damage to lives and property as well as operating to inform and reassure stakeholders and the public;

(b) There should be a person skilled in public relations and media campaigns with the authority to make statements on behalf of the destination and the agencies involved;

(c) The relevant tourism-related government agencies should have the capability to consider public perceptions about a destination's situation during and just after a crisis as a key to that destination's reputation and ensure that all information is honest, factual and straightforward as well as consistent and relevant.

Phase involving long-term recovery

(a) The tourism-related government agencies that are part of the crisis management system should be able to evaluate the system's effectiveness in terms of (i) the speed at which a destination resumes or continues full tourism business operations; (ii) the degree to which business recovers to pre-crisis levels; and (iii) the amount of crisis resistance added since the crisis;

(b) In the case of a localized crisis, the importance of the domestic tourism market should be recognized and included in recovery plans in order to overcome the impact of reduced demand by international tourists;

(c) In the case of a regional crisis, tourism-related government agencies could develop collaborative promotional programmes to restore consumer confidence in travel and tourist destinations throughout the region.

V. ISSUES FOR CONSIDERATION BY THE MEETING

73. In order to enhance the role of crisis and risk management for tourism development, the Meeting is invited to provide guidance and recommendations about courses of action to be taken at the national and regional levels, as well as identify specific issue areas that could be included in the Plan of Action for Sustainable Tourism Development in the Asian and Pacific Region, phase II (2006-2012).

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