

The Future is Ours to See
Closing Address by H.E. Anand Panyarachun
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Distinguished Participants: Ladies and Gentlemen:

(Introduction)

In Thailand, I am known for wearing many hats. Today I have been asked to try on a new one: to forecast travel trends. As an outsider to the travel industry, I can only offer a layman's perspective of what I see taking place. I shall touch on global as well as regional trends that are relevant to the industry. I shall look at the tourism situation in Pacific Asia - how it has evolved, what factors are affecting it, and what the future holds.

Within the span of a few years, it seems, the world has suddenly become a vastly more complex place. The advent of the so-called New World Order has deluged us with a bewildering array of plausible scenarios of what the future holds. We now recognize that the world is being shaped by forces that have grown and evolved independently of ideological considerations.

The currents of change are a mixture of forces old and new, contrary and complementing. Just as we are finding our bearings, it seems that everywhere, norms of behaviour and fundamental axioms are being called into question. Assumptions about how the world works, in diverse fields ranging from international politics to mathematics are being challenged by new developments and theories.

(The Attractions of Pacific Asia)

Tourism in Pacific Asia has evolved as well. Pacific Asia has long been a popular destination for romantics of all persuasions. The early travellers were people with missions - adventurers, merchants and missionaries, who enthralled their countrymen with stories of the mysterious East. Adding to the mystique, popular art, novels and musicals tantalized winter-weary Europeans with their portrayal of life in these tropical climes.

With advances in technology, Asia came within reach of the masses. Television became the vehicle for arousing the people's curiosity about Pacific Asia's exotic locales. The globalization of business stimulates travel and its inseparable activity, tourism.

The yen to travel has been made much easier to fulfill. Economies of scale and

stiff competition have made air travel affordable for millions of people. In response to the growing demand for travel, innovations have been introduced to aircraft in order to cater to the whims of travellers. Airplanes are getting bigger, more comfortable and luxurious. Flying has become a more common feature of life.

With commercial aviation opening up the world, the hotel industry naturally followed suit. Now, not only do chain and independent hotels vie to provide travellers with all the comforts of home, they are also branching out into the convention and conference business. This has allowed professionals from around the world to conduct business in pleasant surroundings. Never has travel been made easier or more attractive.

With these developments, it was no wonder that Pacific Asia became a top tourist destination. The uniqueness of the region's rich cultural heritage, ancient architectural splendours, and natural beauty, as well as the grace of its people more than lived up to the promises of the travel brochures. What is more, all this came at a very affordable cost.

(The Impact of Economic Development)

At the same time, countries in the region are becoming more industrialized and developed. With more leisure time and more disposable income, a new class of travellers within the region was born: the generic tourists. These are people whose main purpose when travelling is to shop and visit famous landmarks. These are average working-age people who pay their own way for a vacation or are rewarded by their employers with an all-expenses-paid package. The increasing affluence of Pacific Asia means an increasing number of tourists will be from within the region, and their tastes will influence the way tourism is conducted, as I shall explain later on.

With industrialization comes not only affluence, but also a host of side-effects that inevitably affect tourism. Modernization carries a price. The trick is to look at the price tag before buying.

The problems will be familiar to anyone who has visited mega-cities in Asia and Latin America. We can dismiss them as growing pains - after all, didn't England go through the same ordeal during its industrialization period? - but it may be more useful to analyze and see what we can do about them.

For many of these mega-cities, rapid growth has outpaced the development of infrastructure. Infrastructure, which may be quite adequate for the local populace may be stretched far beyond its capacity by years of double-digit growth. A concurrent boom in tourism only adds to the strain.

The Bangkok of today, for example, is virtually un-recognizable from the Bangkok of fifty years ago. As the nation's booming industrial and business centre, the city is a magnet for migrant workers from all over the country.

Population growth has created demands on the city's resources far in excess of the expectations of its founders. The canals, which once served navigation and drainage purposes, giving Bangkok its nickname Venice of the East, have been paved over to make way for more roads. Huge shade trees lining the avenues have been cut down to make way for more lanes. The temple spires that gave the city's skyline its distinctive look have been obscured by a geometric jumble of concrete and steel. Bangkok from a distance is practically indistinguishable from any other modern metropolis.

With the growth in population and the economy, the relaxed, unhurried lifestyle that has evolved over the generations is being replaced by the high-stress, fast-paced tempo of cosmopolitan life. The city's notorious traffic jams require many of us to leave home for work before dawn and return late in the evening. It seems we are working harder and making more money, but we have less time to be with our families and enjoy ourselves.

The environment is suffering as well. Pollution and destruction of natural resources have reached alarming proportions. With all these troubles, it would seem tourism would be the least of our problems. Yet, they are related. The same combination of mis-management and narrow self-interest that undermines the local quality of life also threatens the very qualities that make a country appealing to visitors.

(Impact of Economic Growth on Tourism)

The tourism industry needs to take the longer view with respect to these problems. Tourism is closely linked with development. Many developing countries depend on the industry for a large part of their income. Tourism can thus be a force to ensure that development proceeds in a balanced and sustainable manner.

The environment and infrastructure are issues that affect tourism directly. Pollution, in its land, air, water or noise, should not be allowed to ruin what should be a positive holiday experience. Despoliation of natural attractions, such as the littering of national parks and the destruction of coral reefs, is bound to decrease a country's tourism value. It will not do to allow the situation to deteriorate to a point of no return, before taking action.

Tourism would be a major beneficiary of conservation and anti-pollution efforts. It therefore makes sense for those in the tourism business to be at the forefront of efforts to fight environmental damage of every kind. This has been slow to happen, for obvious economic reasons.

(The Tourism Resources Dilemma)

There is a dilemma here, involving something economists call public goods.

These are things that, once provided, can be equally enjoyed by all and cannot be withheld from anyone. The tourism industry in many developing countries relies to a large extent on public goods: things like image, air and water quality, infrastructure, and so forth.

Public goods are not always free. In most cases, the public pays for them through taxes. In the tourism industry, operators have the greatest stake in preserving the environment, but lack the economic incentive to do so.

Take, for example, an average-size hotel that is considering treating its waste water before releasing it into the sea. The equipment and the costs of operation and maintenance require a substantial investment. There is no guarantee that the hotel's competitors will take similar action and bear similar costs. Nor does the hotel's action result in perceptible improvements in the sea water quality. In other words, the individual operator's marginal utility is so small relative to the cost, and the benefit of its action so diffuse, that there is no economic incentive for him or her to take civic-minded action.

A unilateral commitment to environmental conservation means higher costs, which in turn means either a smaller profit margin or higher prices. Individual business operators do not want to pay for infrastructural improvements and environmental conservation if it means reduced competitiveness. Based on the peculiar properties of public goods, environmental protection is an external cost no one wants to bear.

In the short term, it may be feasible to seek maximum profits without caring about external costs. In the long run, however, these external costs have to be factored-in and accounted for.

Although the bottom-line usually determines business and management practices, moral factors must also be considered. As tourism often has a major impact on the host country, tourism operators must be aware of their responsibility towards society. They must realize that they have an ethical obligation to serve to the best of their ability their fellow citizens as well as their clientele. In these times when tourists are more ecologically conscious than ever, tourism operators will be amply rewarded for doing what is right for society.

In the meantime, a higher authority is required to provide the moral stimulus, enforce collective action and plan incentives to ensure that the burden is shared equitably among those who would benefit most disproportionately.

In Thailand, the government plays a leading role in both infrastructural improvement and environmental conservation. Ring roads and expressway systems now under construction, promise to ease the lives of Bangkok commuters in a few years. The telecommunications network is being expanded apace. Plans for a new, state-of-the-art international airport serving Bangkok have been approved.

To encourage environmental conservation, an Environmental Protection Act was recently passed. Under the Act, monetary, fiscal and tax incentives are provided to promote private sector participation. The National Environment Board, or NEB, is being upgraded to a ministerial-level body. Minimum standards are being set to control pollutants at their source. The NEB is empowered to designate environmentally protected areas and pollution-controlled areas to facilitate conservation measures by the government. The first areas to be protected under this provision include Phuket, Pattaya and Phi Phi Island, some of Thailand's most popular resorts.

The brunt of the task, however, must fall on the travel industry itself. It is heartening to note that an environmental consciousness seems to be emerging in the industry at large. The European Association of Travel Agents has launched the so-called Blue Flag campaign, under which travel operators in Europe will send tour groups to only hotels and resorts that meet a certain environmental management standard. Closer to home, the PATA has a Code of Environment-Friendly Tourism, to which the Tourism Authority of Thailand subscribed last year. The code requires all members to set their own environmental standard requirements to promote environmental awareness among tourism operators. Locally, the environment wave is catching on as well.

By the very nature of tourism, we must constantly ask ourselves if our efforts are adequate. The travel industry faces a peculiar situation, a "Catch-22", if you will. In order to keep attracting more visitors year after year, a country's attractions must be preserved and cared for. Yet, as more visitors flock in, such maintenance becomes more difficult. A tourism boom attracts investors and support industries, adding to the strain on local resources.

The crux of the dilemma, as I have mentioned, lies in the economics involved. From a business standpoint, it does not pay for a business to undertake environment-friendly measures, only to lose its competitive edge through higher costs. Taking a broader view, however, efficient and cost-effective environmental conservation, undertaken collectively, can actually enhance competitiveness vis-a-vis competitor resorts and countries.

(Tourism and Cultural Diffusion)

For all our efforts to minimize the adverse impact of tourism on local life, we can never entirely dis-engage the two. Whether we like it or not, tourism plays a role in shaping local life. Unlike any other industry, tourism is about contact with the unfamiliar. It satisfies that singularly human urge to explore alien settings first-hand, even if it is just buying souvenirs at a roadside stall. Tourism involves not only monetary transactions, but also exposure - to different viewpoints and outlooks, customs and mores - for visitor and host. As a result, both walk away from the encounter with a change in perspective, no matter how slight.

It is this exposure - this feeling that one is not in Kansas any more - that makes travel special. I see two major trends that will have an impact on Pacific Asian tourism in the years ahead. One is the Westernization of Asia, in particular the newly industrializing countries. The other is the growth of mass tourism, the invasion of the generic tourists.

It is not difficult to see the Asian "love affair" with the West. Michael Jackson and Madonna are readily recognized even in restrictive China. Fast-food hamburger outlets and pizza parlours are staking out territory in practically every Asian capital. Disneyland Tokyo has proven wildly successful. The reverse flow of tourism from East to West suggests Asia is not only a destination, but also a source market of great potential.

The popularity of Western culture and the globalization of business, among others, are potent forces that are transforming the face of Asian society. This Western influence is changing the way business is conducted. It is changing consumer habits. In short, it is changing the way we live.

Some call it cultural imperialism. I call it an inevitable course of development. The gospel of materialism, preached through glossy television commercials and shows, is pervasive. It promises to fulfill our cravings for comfort and pleasure, for prestige and status, without any great effort on our part. Use this product and it instantly identifies you as a suave individual. The creed of materialism is a great equalizer.

Call it what you will, Westernization or modernization, this phenomenon has the potential to erode the individuality of cultures. Culture is becoming increasingly homogenized around the world, with Western culture setting the trend. This may gradually undermine the very core of tourism. Tourism is one industry that thrives on differentiation. You don't fly half-way round the world to see something you already have at home. You want something different, something that's not available anywhere else. Disturbingly, we find travel destinations becoming increasingly like source countries.

The effects of modernization apart, tourism develops its own dynamics that contributes to this trend. The age of the swashbuckling traveller is past. The proliferation of generic tourists requires that accommodations be familiar and entertainment accessible. Travel will become an increasingly sanitized experience, removed from the reality of the host country's society. The element of adventure, which implies some possibility of risk, will be minimized.

This reflects what I call a "theme park syndrome." Theme parks are safe environments where roller-coaster rides satisfy our craving for excitement; animal and animatronic shows with their informative voice-overs entertain and educate us; and gift shops around every bend beckon our wallets. Theme parks give us enough of the unfamiliar to stimulate our sense of adventure, while providing all the creature comforts of home.

As developing countries seek to attract tourists, and as generic tourism increases, the qualities that make theme parks so successful will become more evident. Culture is being tailored and packaged for the mass market. Indigenous ceremonies are simulated for the benefit of snapshot-happy tourists. Tourist traps are mushrooming in the unlikeliest corners of the globe. Simulated adventure will become more attractive.

Conservationists bemoan the commercialization of culture, but this is according to the laws of the market. The long-term effect of this trend is that we will no longer be able to recognize the difference between one metropolis and another unless we visit the tourist attractions.

The long-term survival of the tourism industry depends on maintaining differentiation, not on promoting homogeneity. Preservation of cultural uniqueness and identity is crucial, for once homogenized, there is no turning back.

From this angle, we can readily discern the new frontiers of tourism. The splendours of Angkor Wat, Myanmar (or what was known as Burma) and Southern China, all easily accessible from Thailand, are some of the unspoiled attractions awaiting the adventurous traveller. Should the governments ruling them decide to promote tourism, I fear, they can be quickly ruined by the inevitable rush of generic tourists. Management and planning, preferably by travel associations such as the PATA, are required to ensure their enjoyment by future generations.

The fortunes of the travel industry are, of course, also linked to forces within which it has no control. Global economic downturns can cause a slump in tourism. With the Cold War over and countries setting up trade blocs and bracing for trade wars, it is possible that we will have a rough ride up to the 21st century. Worldwide competition for tourist dollars under such conditions is tougher.

It is likely, however, that tourism in Pacific Asia will emerge relatively unscathed. The growing volume of Asia-Pacific trade and increasing economic cooperation within the region will to some extent cushion us from severe shocks.

(Conclusion)

The best way to stay competitive is to follow the law of comparative advantage. Make the most of the resources you already have. Build on the advantages already existing, rather than attempt to emulate the success of others by starting from scratch. The successful countries will be those that manage to strike a balance between private gain and public responsibility, between homogeneity and differentiation.

As the world shapes tourism, so does tourism change the world. It is up to us to make tourism a force for the common good. The most pressing issues of the day

require us to take a pro-active approach, to ensure that tourism goes hand-in-hand with sustainable development. This way, the future is not only ours to see, it is ours to build.