Nepalese Tourism Services

Current Status and Way Forward

Prachanda Man Shrestha

Public-Private Dialogue

On

Nepal's WTO Commitments and Role of Stakeholders

Pokhara

December 2, 2011

Trade Perspective of Tourism

- Considered under GATS as Trade in Services
- Classified as Tourism and Travel related Services
- Identified under Four Sub-sectors as:
  - Hotels and Restaurants (UN CPC 641-643)
  - Travel Agencies and Tour Operation (CPC 7471)
  - Tourist Guide Services (CPC 7472)
  - Others
- UNWTO Standard International Classification of Tourism Activities (SICTA) defines wider range
- Comprised of number of Service sectors as Transport, Distribution, Recreational, Cultural, Environmental, Sports, Computer reservation, Financial and so on
- Supply of Services characterized by cross-border movement of consumers

NEPAL TOURISM YEAR 2011

NATURALLY NEPAL

ONCE IS NOT ENOUGH

Economic Significance

- One of the largest Composite Industry
  (940 m. International visitors in 2010 / forecasted 1.8 b in 2030)
- Fastest Growing (over One Third of the Value of World Service Trade)
- Highly labor intensive as major source of employment (one in twelve jobs)
- Almost Half of the Total FDI flow to Service sectors goes to Tourism sector
- Extended from Urban to remote Rural
- Net Transfer of US $ 919 b in 2010
- LDC's graduation hope particularly smaller nations (Samoa, Maldives)
- Direct Impact on Poverty Reduction

Tourism for Nepal

- Not a choice but sector of compulsion to Nepalese Economy due its geo-physical situation
- Sector of Competitive/Comparative advantage:
  - in creating jobs
  - providing economic alternatives
  - generating revenue to State
  - compensating deficit in trade
  - financing preservation and conservation of cultural/natural heritage
- Proved its resilience during the critical period of national and international issues
- Created economic impulses equally in urban as well as rural areas

Tourism Policy Goals

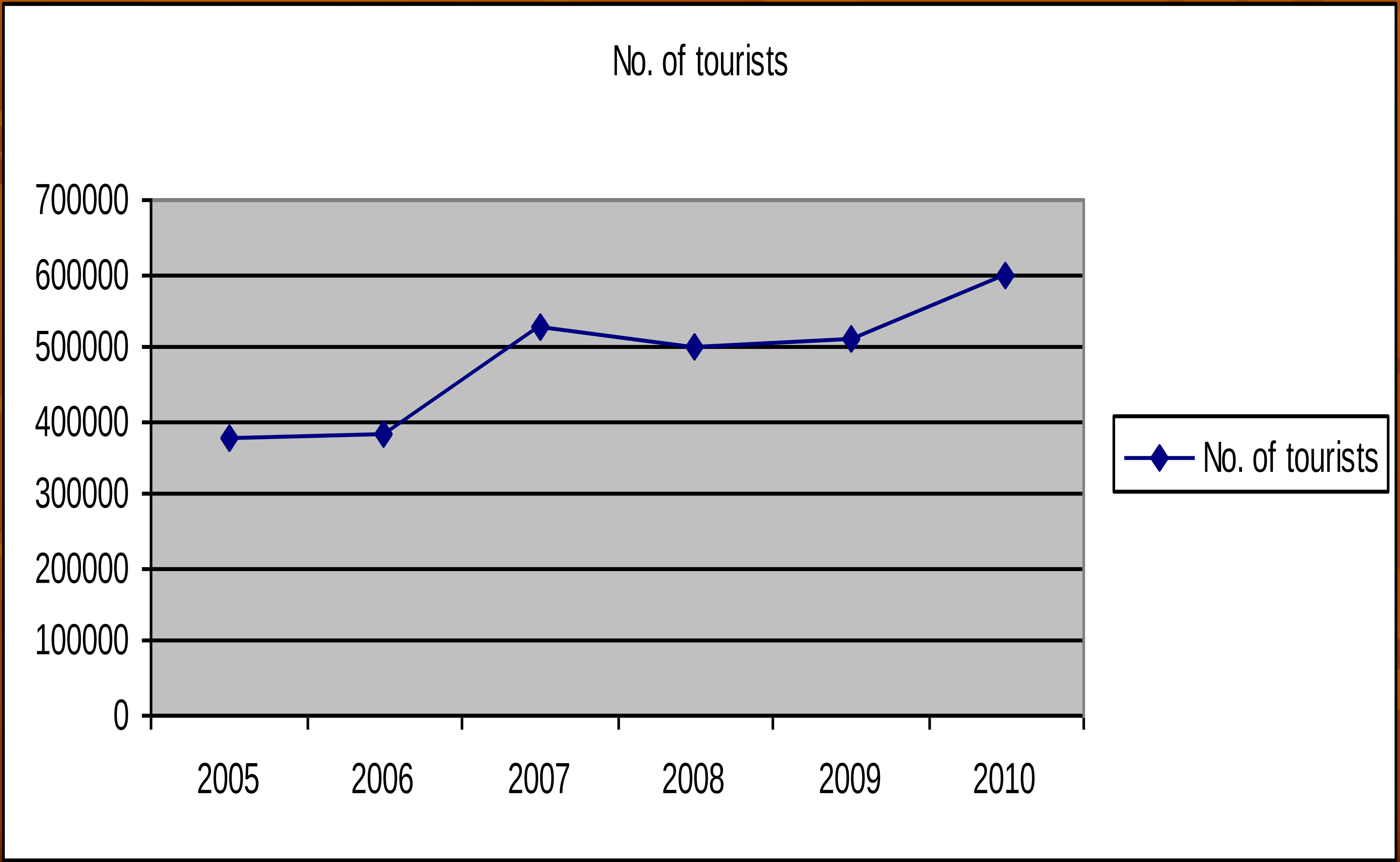
- **Make Known Nepal as *Premier Tourism Destination***
- **Using *Cultural Heritage and Natural Environment* as Tourism Resource**
- **Facilitate Tertiary Activities mobilizing *private sector investment***
- **Achieve *Volume* Arrivals with Higher *spends, Longer stay and Year round spread***
- **Achieve Full *Visitors Satisfaction* for repeated visit (Once is not Enough)**

NEPAL TOURISM YEAR 2011
NATURALLY NEPAL
ONCE IS NOT ENOUGH

Present Status

- Recorded 526,705 arrivals in the year 2007
- Sustained Growth with 602,855 arrivals in 2010
- Air arrivals for first ten months of 2011 registered 22% growth compared 4% Worldwide and 7% in the region to the same period of 2010
- Average Stay for last ten years app.10 days
- Major Generating Market: Conventional 44%, Neighboring 35%, Emerging 18%
- Purpose of Visit: Recreation, Adventure, Pilgrimage
- **(DVS 2008) Repeaters 34% / 64% very satisfied, 32% satisfied / 77% to come back / 95% to recommend**
- International Online Airlines 30 with total annual Passenger Seat of About 2.2 million
- Regional Dispersal of Tourism Activities are 62% Central, 27% Western, and 11% in Eastern region (IFC Survey 2010)
- Accommodation registered Bed of 25357 and Estimated Survey in 15 Sites 66,603 (2010)
- Home stay and Camping extension for accommodation

Recent Arrival Growth



Economic Contribution

- Gross Foreign Exchange Earning in 2009 is estimated US$ 350 m. (WTTC estimates $444m in 2010)
- WTTC estimates Export Earning from Travel tourism generate 30.6% of total exports in 2010
- Contributes 6.5% of Total Foreign Exchange
- Direct Industry Contribution to GDP is estimated 3.2% whereas economy-wide is 7.4% in 2010 (WTTC)
- In 2010 Economy-wide jobs 614000 (5.8% of total employment) and Travel Industry 262000 jobs
- Travel and Tourism Investment is estimated US$ 337m which is 10.6% of total investment in 2010
- Productive Growth per year is 18.6% for three years (IFC)
- Average Sales per worker is 1.6 times higher than rest of other private sector firms (IFC Survey)
- Almost 24% of tourist spending in State Revenue
- And Multiplier Effect of Tourist spending is considered comparatively higher in case of Nepal

NEPAL TOURISM YEAR 2011
NATURALLY NEPAL ONCE IS NOT ENOUGH

Functional Agencies in Nepalese Tourism

- **Regulatory Function**
  - ***Government Agencies***
- **Operational Function**
  - ***Private Business Entrepreneurs***
- **Development Functions**
  - ***Government Line Agencies and Local Agencies***
- **Promotional Functions**
  - ***Nepal Tourism Board (Partnership Agency)***

Special Initiatives and Commitment

- **Tourism Policy 2065 (Segments**
- **Tourism Vision 2020 (Two Million Volume)**
- **Tourist Police /Crisis Cell /Media Center (Consumer Interest Protection)**
- **Climate Neutral Fund-Plant/Adopt a tree in community forest for carbon mitigation (Environmental concern)**
- **Initiation for new International/ Regional Airports/ Upgrading Domestic Airports and Flag Carrier (Connectivity and Accessibility Infrastructure)**
- **Cash Incentive for MICE tourism**
- **Public Commitment *Nepal Tourism Year 2011 as National Campaign***

NEPAL TOURISM YEAR 2011
NATURALLY NEPAL
ONCE IS NOT ENOUGH

NEPAL TOURISM YEAR 2011

NATURALLY NEPAL

ONCE IS NOT ENOUGH

Nepal Tourism Year 2011

- *National Campaign*
- *Initiated by private Sector*
- *Declared by Government in Sept. 2008*
- *Broad Objectives of:*
  - ***Mainstreaming*** **Tourism to national development process to broaden base of tourism**
  - ***Regaining*** **Confidence of Operators in tourism market**
  - ***Gearing*** **Capacity to cater at least one million tourists a year**

Strategic Intervention

- **Commitment**:
  - Political Parties/Government Agencies/Investors and Entrepreneurs/Professionals and Workers
- **Coordination**
  - Tourism Council/NTY Committees
- **Capacity Enhancement**
  - **Product/ Activity Partnership with** DDC/Municipality / VDC/Local Committees/Govt. Committees/Private operators/Entrepreneurs
  - Organized Form/Awareness/Home-stays/In-house trainings/NTY Volunteers
- **Confidence Building and Demand Generation**
  - Tourism Trade Fairs/ Sales Mission/ Road Shows/ B2B/
  - Nepalese Missions/Travel Advisory/Press Conferences/Media Operators Fam Trips/ NRN/ Bilateral Chambers/Hon.PR/ Goodwill Ambassadors/Consumer Ad

NTY Campaign vs. Program

- ***Initiation*** of Peace Process end of 2006
- ***Consultation*** Multi-stakeholders 2007
- ***Declaration*** of Campaign by State 2008
- ***Commitment*** by the forces of the nation 2009
- ***Mobilization*** of Industry, Individual, Institutions, Communities, Agencies 2010
- Expect ***Results*** as Growth in demand 2011
- Need ***Continuation*** of Spirit as Tourism Decade with thematic campaign to meet vision 2020

NEPAL TOURISM YEAR 2011
NATURALLY NEPAL
ONCE IS NOT ENOUGH

Branding and Working Slogan

NATURALLY NEPAL
ONCE IS NOT ENOUGH

TOGETHER FOR TOURISM
पर्यटनका लागि सँगसँगै

NEPAL TOURISM YEAR 2011
NATURALLY NEPAL
ONCE IS NOT ENOUGH

Way Forward

- Mobilize Local Governing Agencies for ownership, development, and, management of Site Products
- Incentives for Presence of Industry at Source Market
- Incorporate Tourism Zones into SEZ for Land Use Physical planning,
- Regional Collaboration particularly India and China if possible regional destination image
- Improving for reliable/affordable/comfortable Connectivity and accessibility
- Consumer Publicity at Source market for its destination Brand confidence

NEPAL TOURISM YEAR 2011

NATURALLY NEPAL
ONCE IS NOT ENOUGH

Thank You