Nepalese Tourism Services
Current Status and Way Forward

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Public-Private Dialogue
On
Nepal’s WTO Commitments and Role of Stakeholders
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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
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)
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)
- Home stay and Camping extension for accommodation
Recent Arrival Growth

No. of tourists

Year

2005
2006
2007
2008
2009
2010

Number of tourists

- 2005: 350,000
- 2006: 380,000
- 2007: 400,000
- 2008: 420,000
- 2009: 450,000
- 2010: 500,000
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
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

- 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
Branding and Working Slogan

NATURALLY NEPAL
ONCE IS NOT ENOUGH

TOGETHER FOR TOURISM

पर्यटनका लागि सङ्गसङ्गै
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