

HD Outlook of tourism sector in 2014.(TOURISM OUTLOOK)

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The tourism sector is the 5th largest contributor to the country's foreign exchange earnings after **oil** and gas, palm **oil**, **coal** and processed rubber. In 2013, around 8.63 **million** tourists from various countries visited the country mainly from Australia, Singapore, Japan and Malaysia with spending of US\$9.87 **billion** in the country. In 2014, the tourism and creative economy ministry set a higher target with 9.2 **million** visitors and spending of US\$10.35 **billion**. The increase in the number of foreign tourists was attributable mainly to a number of international events held in the country in 2013 such as APEC summit meeting and Miss World contest in Bali, etc.

In a bid to increase visits by foreign tourists, the ministry of culture and tourism has launched promotional campaigns to 10 major tourism markets including Singapore, Malaysia, and Australia and secondary markets such as Germany and Middle East and sought to open new markets such as in the former Soviet states and Latin America.

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A target has also been set for domestic tourists. The target for the number of visits by domestic tourists in 2014 is set at 255 **million** with spending or around Rp181 trillion, up 2.82 percent from 248 **million** visits with spending at Rp 176.3 trillion in 2013.

The government launched tourism promotion in Indonesia in 2014 with a theme "Wonderful Indonesia Paradise on Earth." Through the Tourism and Creative Economy Ministry (Kemeparekraf), the government facilitates promotion of tourist destinations by encouraging domestic tourists outside Java and Bali. Promotion is also intensified of maritime tourism objects such as Wakatobi Sea Park in Southeast Sulawesi and Raja Ampat beach in Papua.

In 2014, expansion of tourism destinations will focus on 16 Destination Management Organization (DMO), tourist villages, public recreation centers, tourism markets, creative zones, and cooperation and partnership. The 11 big cities, which have been the targets of tourism promotion are Medan, Batam, Pekanbaru, Jakarta, Medan, Bandung, Semarang, Surabaya, Bali, Makassar, and Balikpapan. There are also promotion program in smaller cities initiated by the regions.

Including in the agenda of national tourism activities for 2014 include Asia Pacific Hash 2014 in Bali and Labuan Bajo, Flores, National Natural Conservation Promotion, Asena Jazz in Batam, Tour de Bintan, etc.

Bali and Jakarta Remains The Main Destinations

Bali and Jakarta remain the main tourism destinations in Indonesia. The number of foreign tourists visiting Bali and Jakarta totaled 5.3 **million** in the first 11 months of 2013 or an increase of 15.2 percent from 4.6 **million** in the same period in 2012.

The number of foreign visitors to Bali totaled 3.1 **million** in 2013 or an increase of 19.2 percent from 2.6 **million** in the previous year.

Increase recorded in the numbers of foreign visitors to Bali included from Australia up 3.23% to 660,000 tourists, from **China** up 15% to 387,000 tourists, from Japan up 17.83% to 199,000 tourists, from Malaysia up 11.35 percent to 196,000, from Singapore up 14.14 percent, from Taiwan 9.05 percent from the United States up 10.79 percent and from France 0.24 percent.

The numbers of tourists from South Korea fell 2.42 percent and from Britain down 5.43 percent.

For 2014, the Bali provincial administration has set a lower target of 3 **million** foreign tourists as against 3.1 **million** in 2013.

The number of foreign tourists visiting Jakarta has continued to increase reaching 2.1 **million** in 2013. The increase was attributable to favorable security condition in the capital city and a number of tourism promotion launched by the city administration such as city tour to coincide with Jakarta Great **Sale**.

In November 2013, the largest number of visits by foreign tourists to Jakarta was by Malaysians totaling 37,000 visits, followed by those from **China** reaching 21,000 visits, Japan 18,700 visits, Singapore 18,400 visits, South Korea 8,800 visits, Saudi Arabia 6,900 visits, the United States 6,400 visits and India 6,100 visits, Australia 6,000 visits, Taiwan 5,800 visits.

Meanwhile, the Jakarta Tourism and Culture Office has set aside Rp 80 **billion** for tourism promotion in 2014. In 2013 the budget was Rp 69 **billion**, including Rp17 **billion** for the procurement of double decker tourist busses to serve city tours.

Foreign tourists visiting Jakarta enter the city through three 3 entrance gates--Soekarno-Hatta international airport, Tanjungpriok port and Halim Perdana Kusuma airport. The majority of foreign tourists entered the city via the Soekarno Hatta airport totaling 2.2 **million** with those entering via Tanjung Priok around 60,000 tourists and Halim Perdana Kusuma around 6,000 visitors.

In 2014, the number of visits by foreign tourists to Jakarta is expected to rise to more than 2.3 **million** from 2.1 **million** arrivals in 2013. The increase is expected with various events to be held in the city including annual events of Java Jazz held in March 2014, Jakarta Great Sales 2014, etc.

Tourists from Singapore the largest in number

In 2013, the number of visitors from Singapore rose to 1.68 **million**. Singapore has become the main target of tourism marketing by Indonesia over the past several years. In 2012, the number of foreign visitors from totaled 1.56 **million**. With the growing number of visitors from Singapore, the number of flight routes linking the two neighboring countries has also increased.

Batam, which only a few miles from Singapore has been the main destination for visitors from that city country. The visitors are dominated by shoppers, golfers and convention (MICE) participants. Other favorite destinations include Jakarta, Bali, Surabaya, Medan, Padang, Solo, Manado, and Lombok.

In a bid to attract more visitors from Singapore to Indonesia, collateral branding strategy has been launched with joint promotion of airliner companies to support promotion by Singapore for flights to Bali, Manado, and Surabaya, with Great Sales package to Jakarta and Bandung. In addition famtrip, on-line tourism promo packages and direct promotion has been held in that country.

Altogether in 2013, the number of visits by foreign tourists to Indonesia reached 8.63 **million** and 19.5% or 1.68 **million** of which were by Singapore visitors.

Indonesia has listed 14 other countries as the main tourism markets including Malaysia, Japan, South Korea, Australia, **China**, Britain, Germany, the Netherlands, France, Russia, India, the Philippines Saudi Arabia and the United Arab Emirates.

The second largest number of foreign visitors to Indonesia are Malaysians. The number of visitors from Malaysia reached 1.4 **million** in 2013, followed by Australia 1 **million**, **China** including Hongkong 734,000, Japan 489,000, and South Korea 328,000 visitors.

Foreign Exchange Income Target Set at US\$ 10.35 **Billion** For 2014

In 2013, the country's income from the tourism sector was recorded at US\$9.87 **billion** or an increase of 8.2% from US\$9.12 **billion**. In 2014, the government has a set a foreign exchange income target form the sector at US\$10.35 **billion**.

With that target the government set aside Rp1.7 trillion of the state budget for the promotion and marketing of the country's tourism. The budget for the tourism sector is relatively small compared with those of Singapore, Malaysia, dan Thailand. Singapore, a city country, sets aside around US\$100 **million** for its tourism sector every year.

Based on data from the Tourism and Creative Economy Ministry per November 2013, the increase in the number of arrivals contributed by 8 main entrance gates including Soekarno-Hatta airport which recorded a total arrivals of 1.89 **million**, the Ngurah Rai airport with arrivals recorded at 2.94 **million**, Juanda airport 203,000, Polonia of Medan 197,000, Batam 1.18 **million**.

Meanwhile, spending by foreign tourists in the country in 2013 averaged US\$1,142 per person per visit or an increase of around 0.7% from an average of US\$1,133 in the previous year. Daily spending by a foreign tourist in 2013 dropped 31.5% to US\$100 from US\$145.36 in 2012 on the average. Indonesia was still ahead of Malaysia in spending by foreign tourist per visit. In Malaysia daily spending by a foreign tourist averaged only US\$560 per visit.

However, length of stay in 2013 dropped to 5.5 days per visit on the average from 7.7 days in 2012. The decline in length of stay was attributable to a decline in the number of visitors from Europe and growing number of visitors from non European countries. Visitors from Europe normally stay longer and visitors from other countries especially from neighboring such as Malaysia and Singapore stay for a shorter time.

Meanwhile, the number of domestic travels in 2013 reached 248 million with spending totaling Rp 176.32 trillion or an increase of 1.2% from the previous year's 245 million visits with spending of Rp 171.50 trillion. In 2014, domestic travels are predicted to rise to 255 million with spending totaling Rp181 trillion.

Daily spending by domestic travelers averaged Rp711,000 each per travels, up from Rp 700,000 in 2012.

Occupancy Rates Of Star-Rated Hotels

The occupancy rates of four-star and five star hotels averaged 56.60% and 55.27% in 2013 down from 57.5% and 58.5% on the average in 2012 respectively. The occupancy rate of one-star hotels averaged 49.74%, that of two-star hotels 51.44% and three-star hotels averaged 54.56%. One and two star hotels provide facilities like body fit center, spa and business center. Five-star hotels have various strategies to attract guests especially during national holidays.

Hotels in a number of destination areas such as Central Sulawesi, East Java and Bali recorded a high occupancy rates. On 2013, hotels in Central Sulawesi recorded the highest occupancy rate of 69.34%. In Central Sulawesi there are various tourist attractions including natural tourism, culture, maritime tourism such as sea park, white sparkling beaches, waterfalls, endemic animal jungles, caves, megalithic statues and royal cemeteries. The second highest occupancy rates were recorded by hotels in North Sulawesi at 68.78% and Bali 60.94%. The lowest was recorded by hotels in North Sumatra averaging 44.08 percent.

The occupancy rates in Bali averaged 60.94% in November, 2013, down from 61.37% in the previous month. The decline was attributable to growing number of hotels on that island.

Foreign guests stay longer than domestic guests respectively averaging 2.09 days and 1.78 days in 2013.

West Kalimantan recorded the highest length of stay by foreign guests averaging 4.56 days each as against 3.27 days in Bali, 2.7 days in West Nusa Tenggara and 2.69 days in East Kalimantan in August 2013. The shortest length of stay by foreign guest was 1.34 days on the average in West Sumatra.

Local guests stayed 2.91 days on the average in Bali or the highest in the country with the shortest in North Sumatra averaging 1.39 days.

New Investment Still High

According to the World Economic Forum, the competitiveness of Indonesian tourism is ranked the 81st among 133 countries in the world. Investment in the tourism sector in the country is dominated by hotels, restaurants and travel agents. Projects in other sector such as resort and medical tourism have attracted few investors.

In the first nine months of 2013, new investment in the tourism sector was valued at US\$309.86 million, dominated by foreign investment (PMA) companies accounting for US\$267.5 million and domestic investment (MDN) companies contributing US\$42.36 million.

In 2012, investment in the tourism sector surged 10.86 percent, to US\$869.8 million with PMA companies accounting for US\$768.3 million and PMDN for US\$101.5 million.

Investors from Singapore, Japan, the Netherlands and South Korea are among the most aggressive in investing in the tourism sector in the country.

Investment in the tourism sector is expected to continue to expand in the country such as in Jakarta, Surabaya and Bali. In Yogyakarta, however, there is a moratorium stopping granting license starting 2014 for new hotels. The reasons given for the moratorium is that there are already too many hotels in that region.

PT Dyandra Media International Tbk (DMI) of the Kompas Group provided Rp120 billion for the construction of Hotel Santika Dyandra in Surabaya. The hotel with 200 rooms is to be operational in 2015. The hotel is located in the same area with Dyandra Convention Center in Surabaya.

DMI has just built a hotel, Santika Dyandra in Medan with an investment of Rp350 **billion**. Soon DMI plans to build another chain hotel Santika Dyandra

Makassar at a cost of Rp 500 **billion**, to be integrated with Makassar International Convention Center.

DMI also has a number of projects in including Nusa Dua Convention Centre Bali to cost Rp 600 **billion**. In this project includes 2 convention halls and 100 additional five star hotel rooms and Indonesia International Expo (IExpo) project in Serpong, Tangerang. IExpo will be the largest convention and exhibition hall in Indonesia to be built over a 25 hectare plot of land with flood space of 220,000 square meters. The Rp2.2 trillion project is a joint venture between DMI and Sinarmas Land to be completed in mid 2014.

PT Gapuraprima Tbk (Gapuraprima) will operate in 2014 Hotel Best Western Premier Bellevue in Radio Dalam area of South, Jakarta, Gapura Prima Hotel at Jalan Gatot Subroto in Jakarta, Bellevue Place MT Haryono Condotel at Jalan MT Haryono in Jakarta, Bellevue Nusa Dua Bali Condotel in Bali, Belmont Kebon Jeruk Condotel in Jakarta.

PT Bukit Darmo Property has set aside Rp 200 **billion** for a five-star hotel project, Melia Adhiwangsa Surabaya, with construction to start this year to be completed in 2015.

PT Danau Winata Indah dari Graha Cemerlang Group has reached an agreement with Minor Hotel Group from Thailand to run hotels, condominium hotels (condotel), and apartment in integrated project (mixed use) of Nusa Dua Circle, Bali, built over a 3.23 hectare plot of land with floor space of 85,075 square meters and with an investment of Rp2 trillion.

The Nusa Dua Circle project will consist of Hotel Avani Nusa Dua, Bali Hotel (condotel) and Oaks Nusa Dua, Bali (apartment) to be completed by the end of 2014.

PT Ciputra Development Tbk of the Ciputra Group will build two five-star hotels each with 100 rooms in the form of villa houses over a 20 hectare plot of land in the Canggu area of Bali. Construction of the hotel project with an investment of US\$ 400 **million** will start this year (2014).

PT Adhi Properti, a subsidiary of state-owned construction **company** PT Adhi Karya, is building a five hotels in the Blok **M** area of Jakarta, Bekasi, Semarang, Surabaya, and Medan. The construction of the five hotels will cost Rp150 **billion** each or altogether Rp750 **billion**.

The hotel in the Blok **M** are over a 4,000 square meter plot of land will be a four start hotel to be named Grand Dhika with 253 rooms.

Construction of the Grand Dhika hotel in Medan with 170 rooms will start early 2015. The one in Semarang will have 120 rooms to be built over a 2,500 square meter plot of land and the Grand Dhika hotel in Bekasi will be a three start hotel with 150 rooms.

Prospects of Tourism in 2014 Still Encouraging In Indonesia

The prospects of investment in the tourism sector in Indonesia is still encouraging with number of visitors to the country growing from year to year.

In 2013, the number of foreign tourists visiting the country rose 7.3 percent to 8.63 **million** from 8.04 **million** in the previous year. The number of domestic travelers also rose to 248 **million** from 245 **million** in the same period.

The tourism sector has been a major contributor to the country's foreign exchange earnings. In 2013, the tourism sector contributed US\$9.87 **billion** to the country's total foreign exchange earnings or an increase of 8.2 percent from US\$ 9.12 **billion** in the previous year.

With various international events to be hosted by the country in 2014, and more aggressive tourism promotional campaigns the government sets a higher targets for tourism development and number of foreign visitors and earning from the tourism sector this year.

In 2014, the number of foreign tourists is predicted to grow 6.9 percent to 9.2 **million** with foreign exchange earning to reach US\$10.35 **billion**.

The number of domestic travelers also is predicted to increase to 255 **million** in 2014.

The national tourism sector is forecast to contribute Rp 181 trillion to the country's income in 2014, or an increase of 2.7 percent from Rp176.3 trillion in 2013.

Table--27

Number of foreign tourists by entrance gates, 2009-2013 *

Entrance gate	Soekarno Hatta	Ngurah Rai	Polonia	Batam
2009	1,390,440	2,384,819	148,193	951,384
2010	1,823,636	2,546,023	162,410	934,576
2011	1,933,022	2,788,706	192,650	1,161,581
2012	2,053,850	2,902,125	205,845	1,219,608
2013 *	1,890,659	2,947,800	197,602	1,182,633

Entrance gate	Juanda	Other Port	Total
2009	158,075	2,542,219	6,323,730
2010	168,888	1,367,411	7,002,944
2011	185,815	1,387,957	7,649,731
2012	197,776	1,460,796	8,040,000
2013 *	203,993	2,214,588	8,637,275

Source: Central Bureau of Statistics (BPS)

Note: * Until November

Table--28

Number of foreign tourists by countries of origin, 2012-2013

(000)

Countries of origin	2012	2013	Growth (%)
Singapore	1,565	1,681	7.4
Malaysia	1,335	1,434	7.4
Australia	962	1,028	6.9
China & Hongkong	687	734	6.8
Japan	451	483	7.1
South Korea	312	328	5.1
The Philippines	230	250	8.7
Taiwan	217	233	7.4
The United States	213	225	5.6
Britain	212	224	5.7
Other countries	1,856	2,017	8.7
Total	8,040	8,637	7.4

Source: BPS

Note * until November

Table--29

Number of foreign tourists and foreign exchange income, 2007-2013

Year	Foreign visitors	Average spending per visitor (US\$)		Average length of stay (days)	Foreign exchange income (US\$ billion)
		Per visit	Per day		
2007	5,505,759	970.98	107.70	9.02	5.34
2008	6,234,497	1,178.54	137.78	8.58	7.50
2009	6,323,730	995.93	129.57	7.69	6.29
2010	7,002,944	1,085.70	135.01	8.04	7.60
2011	7,649,731	1,118.26	142.69	7.84	8.55

2012	8,040,000	1,133.81	145.36	7.70	9.12
2013	8,637,275	1,170.00	100.00	5.50	9.87

Source: Tourism and Creative Economy Ministry

Note: * until November

Table--30

Hotel occupancy rates in 10 destination areas, 2012-2013 *

(%)

No	Destination areas	2012	2013
1	North Sumatra	42.46	44.08
2	West Sumatra	49.20	56.08
3	Jakarta	57.17	60.68
4	West Java	48.91	50.50
5	Central Java	49.08	48.90
6	Yogyakarta	54.05	61.32
7	East Java	47.83	49.45
8	Bali	61.37	60.94
9	North Sulawesi	49.94	68.78
10	Central Sulawesi	63.73	69.34

Note * until November

Source: BPS

Table--31

Investment in tourism sector
2009-2013

Year	Number of projects	Investment (trillion)		Total
		PMA	PMDN	
2009	52	1,065	0.377	1,442
2010	174	1,464	0.47	1,511
2011	263	2,422	0.376	2,798
2012	N.a	6,900	0.860	7,760
2013*	N.a	3,210	0.508	3,718

Source: BPS

Note: * Until September

Table--32

New projects in tourism sector
2014-2015

Companies	Project/location	Investment	Operational
PT. Dyandra Media International Tbk	Hotel Santika Dyandra 200 rooms, in Surabaya	Rp 120 billion	2015
	Convention Centre, Serpong, Tangerang	Rp 2,2 trillion	2014
	Convention Centre in Nusa Dua, Bali	Rp 600 billion	N.a
	Hotel in Makassar	Rp 500 billion	N.a

PT Gapuraprima Tbk	Hotel Best Western Premiere Belleue in South Jakarta		2014
	Gapuraprima Hotel at jl. Gatot Subroto, Jakarta	N. a	2014
	Bellevue Nusa Dua Condotel, Bali		2014
PT Bukit Darmo Property	Hotel Melia Adhiwangsa in Surabaya	Rp 200 billion	2015
PT Danau Winata Indah	Hotel Avani di Nusa Dua, Bali	Rp 2 trillion	2015
	Bali Hotel Condotel		2015
	Oaks Apartemen Nusa Dua, Bali		2015
PT Ciputra Development Tbk	Hotel 200 rooms in Canggu, Bali	US\$ 400 million	2015
PT Adhi Properti	Hotel Grand Dhika in Jakarta, Bekasi, Semarang, Medan, Surabaya	Rp 750 billion	2015

Source: ICN processed

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