

AN ARCHIPELAGO OF NATURAL ASSETS

BOROBUDUR IN CENTRAL JAVA

Bali aside, Indonesia is yet to fulfil its immense tourism potential. There are, however, encouraging signs that this is set to change.

2008 has been designated 'Visit Indonesia' year, and yet the widely dispersed archipelago, covering 1.9 million square kilometres, and 55,000 km of shoreline, will only attract some six million overseas visitors in that year. Indonesia's tourism sector has not received the level of government support that has enabled arguably less well-endowed neighbours to leave it in their wake over the past two decades. Even today the country has no stand-alone tourist board, with the Ministry of Tourism and Culture shouldering responsibility for promotional activities. This task is made harder by inadequate funding and the absence of international representative offices.

EXCELLENT RESOURCES, LAGGING INFRASTRUCTURE

A recent survey by the World Economic Forum (WEF) on tourism competitiveness ranked Indonesia 26th (out of 130) in terms of its 'natural resources', acknowledging that it has several world heritage listings and particularly rich fauna. Overall, though, Indonesia only ranked 80th, weighed down by a raft of infrastructure deficiencies.

The result of years of indifference is summed up by Debnath Guharoy, Regional Director—Asia for consumer market research specialists Roy Morgan Research:

'With tourism growing rapidly in Asia, Indonesia is lagging way behind its neighbours. The world knows little about Indonesia beyond Bali ... It could be argued that the number of underachieving locales in Indonesia rivals the combined total of all other ASEAN countries.'

To compound matters, the sector endured a truly horrible few years at the beginning of this decade, with two Bali bombings, a spate of air crashes and the December 2004 tsunami savaging the industry.

NATIONAL STRATEGY UNFOLDS

There is no real doubt about this sector's potential to become a key foreign exchange earner, as well as a primary source of employment for the country's 237 million people. What is needed is a wholehearted, rigorous and sustained government commitment to develop key tourism infrastructure in strategic localities around the country.

CASE STUDY: NUSA DUA, BALI'S INTEGRATED RESORT

With Indonesia seeking to expand its tourism industry beyond Bali, the latter's Nusa Dua concept provides an excellent example of how to attract investment into this sector.

Nusa Dua is a pristine integrated resort, spread over 350 hectares in the south of Bali. It comprises five-star resorts, luxurious villas, an international golf course, restaurants and a retail complex. It boasts over 4000 hotel rooms, managed by brands such as Hyatt, Westin and St Regis, and 7km of beach. The concept was conceived in 1973 and developed by the state-run Bali Tourism Development Corporation (BTDC), which still manages the site.

From an investor's point of view, the key attraction of Nusa Dua is that the vital infrastructure requirements are already taken care of. Working from a masterplan stipulating that all buildings would be low-rise, low density, and in harmony with Balinese architectural practices, BTDC set

about creating a water supply system, electrical power supply system, sewage treatment and waste disposal plants, storm drainage and irrigation systems, telecommunications, landscaping and roads. As hotel investors arrived on site, BTDC was also on hand to assist them with their own specific infrastructure requirements.

With an increased global awareness of the need for sustainability in tourism development, the success of the Nusa Dua model also contrasts starkly with other parts of Bali, where development has occurred on an ad hoc basis, resulting at times in the deterioration of the very environment upon which the industry depends.

Today the vision devised by the BTDC 35 years ago is nearly complete. A St Regis resort will open in late 2008, and BTDC's own on-site offices will make way to allow for a small villa development to neatly round things off.

Encouragingly, there are signs this is beginning. Indonesia actually ranked 11th in the WEF survey for 'national prioritisation of travel and tourism' (although it was noted that implementation of policies can be problematic), reflecting the recognition of the sector's importance by the current Yudhoyono Administration. Moreover, the state-run Bali Tourism Development Corporation signed a landmark joint-venture with Dubai-based property giant Emaar in March 2008 with a view to creating a very large integrated resort on the island of Lombok (see opposite page). Meanwhile, on the other side of the archipelago, the Indonesian

Government has nominated the development of the Mentawai Islands off the western coast of Sumatra as a long-term goal. Already a popular destination for surfers, many feel the islands have the potential to become a 'second Bali.'

While all this bodes well for the medium-to-long term, the sector has also been rebounding strongly over the past two years and investment levels have increased sharply. Nearly 2000 hotel rooms were expected to open in Jakarta alone in 2008, and the number of visitor arrivals is at least experiencing double digit annual growth. ■

MEETINGS, INCENTIVES, CONFERENCING & EXHIBITIONS

When Bali hosted the United Nations climate change conference (pictured) in late 2007 under the unflinching gaze of the world's media, few outside of Indonesia would have queried the choice of venue.

Bali's global reputation as a tropical tourist destination is well established. And yet, within Indonesia, the event was viewed as a watershed for the country's tourism industry in general, and for Bali's MICE (Meetings, Incentives, Conferencing and Exhibitions) sector in particular.

To place this sentiment in context, Indonesia's tourism industry was in the doldrums in the first half of this decade after a series of major setbacks (see main text) and even Bali has never managed to realise its full potential in the lucrative MICE market.

So when 10,000 visitors, from 190 countries, descended upon the Bali International Convention Centre (BICC), in the elegant integrated resort of Nusa Dua, to discuss the hot topic of climate change, the sense of optimism was understandable.

Bali's potential in the MICE area is certainly irrefutable. It has a diverse, rich culture, outstanding natural beauty and sound infrastructure. The consensus among industry

professionals is that a lack of coordinated promotion has been the main obstacle. Indonesia faces fierce competition from neighbours Singapore, Malaysia and Thailand, which have traditionally benefited from concerted government support as they bid for major international conventions.

Encouragingly, the Indonesian Government established a Jakarta-based MICE Directorate in 2007.

The private sector is also sharpening its focus in this area, with the newly established Bali Chapter of the Association of Indonesian Conferences and Conventions (INCCA) stating that its 'first priority was to improve the skills of professionals involved in MICE, such as event organisers, hotel managers, public relations agencies, translators and transportation.'

Bali has also been the recent recipient of some noteworthy MICE-oriented investments. Weeks before the climate change conference, the Grand Hyatt opened a massive ballroom to provide the island with a second large-scale meeting venue, and the new 40-hectare Bali Safari & Marine Park will include a 1500 person state-of-the-art performance venue, plus underwater conference rooms surrounded by marine life.



Useful resources:

■ www.balimice.com/destination.asp ■ www.baliconvention.com

MASSIVE NEW TOURISM PROJECT SLATED FOR LOMBOK



LOMBOK'S MOUNT RINJANI, INDONESIA'S SECOND-HIGHEST VOLCANO

Indonesia's long-term tourism prospects took a significant turn for the better in March 2008 when a joint venture was signed between the Bali Tourism Development Corporation (BTDC) and Dubai-based Emaar Properties PJSC to create a US\$600 million tourism development project on the Indonesian island of Lombok, immediately to the east of Bali.

Emaar is one of the world's leading property developers, with a global investment portfolio, and brings both capital and world-class expertise to the table.

The island of Lombok is located close to Bali but is still very much undeveloped. It has an exceptional combination of spectacular unspoiled scenery, wonderful beaches and exotic culture.

An extensive feasibility study is now underway and, according to BTDC's President Director, I Made Mandra, 'a formal commencement of the project is expected in late 2008 or early 2009'.

The first phase will involve the construction of two five-star hotels and a number of villas. While this should be completed within three years, the whole project is expected to take 10 to 20 years. The main market focus will be on the Middle East.

The project area will cover 1175 hectares located on Lombok's Kuta Beach and will consume a stretch of seven kilometres of beach front. The project site is a 90-minute drive from Lombok's main city of Mataram, and just 15km from Lombok's new international airport, currently under construction. With its 4.5km long runway, the airport is expected to provide a cornerstone for the future development of the island's tourism industry, which is currently constrained by a lack of direct international flights.

There can be little doubt that if this project proceeds as scheduled it will usher in a new era for Indonesia's tourism industry, and make a powerful statement that Indonesian tourism need not be synonymous with Bali.



BALI