

Trade in Services: Travel & Tourism

Issued by:
**International
Trade
APINDO**

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In a developing economic country, the improvement of tourism sector is a basic instrument to progress the economic development, addressing poverty and food security. The impact of Tourism on the economic and social development can be huge as it will be opening up businesses, trade and capital investment, creating jobs and entrepreneurialism for the workforce and protecting heritage and cultural values.

According to WTC, the direct contribution of Travel and Tourism to GDP can be defined into:

1. Total spending within a particular country on Travel and Tourism by residents and non-residents for business and leisure purpose.
2. Spending by government on Travel & Tourism services directly linked to visitors, such as cultural like museums or recreational like national parks.

The direct contribution of Tourism to Indonesia's GDP was IDR379,452.0bn (3.3% of total GDP) in 2015



Tourism attracted capital investment of IDR188,208.0bn in 2015 while Foreign visitor generated expenditure of total IDR158,937.0bn

The number of the impact tourism may vary depending on government policy scenarios play out.

The total contribution of Travel & Tourism includes its 'wider impacts' by the indirect and induced impacts on the economy.

The total contribution of Tourism to GDP was IDR1,107,930.0bn (9.6% of GDP) in 2015



The 'induced' contribution measures the GDP and jobs supported by the spending of those who are directly or indirectly employed by the Travel & Tourism sector.

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Indirect contribution to GDP & job creation supported by:

1. Travel & Tourism investment spending, such as the purchase of new aircraft and construction of new hotels;
2. Government 'collective' spending such as tourism marketing and promotion, aviation, security services, etc;
3. Domestic purchases of goods & services by sectors dealing directly with tourists, such as purchases of food and cleaning services by hotels, fuel and catering by airlines, etc;

9,729,350

This is how much foreign tourist arrivals to Indonesia in 2015 (up 3.12% from 2014)

\$1,208.79

In dollar term, this is the average foreign tourist spending in 2015

8.53

This is the average length of stay (day) foreign tourist in Indonesia in 2015

#50

Indonesia' ranks 50 in the Travel & Tourism Competitiveness Index Ranking in 2015

International Trade APINDO conducts International Trade Forum “What’s next in Government: the future Indonesia’s Strategic Plan in International Trade”



Jakarta, December 15 2016. With the agenda to address information gap among members by assessing the evidence on the reality of Indonesia position in International trade, the forum aims to address the following issues such as: the common trade issues of Indonesia in international trade negotiations, the best practice in dealing with international trade agreements and future strategic plan in maximizing Indonesia trade negotiations; this included comprehensive explanation on trade initiatives and progress, and some critical issues to Indonesia’s business sector. Speakers of the forum are Mrs. Intan Soeparna, Airlangga Institute of International Law Study and Bapak Dr. Ir. Yahya Rachman Hidayat, MSc, Director of Trade, Investment, and International Economic Cooperation, Ministry of National Development Planning (BAPPENAS).

Economic Growth and Global Trade Volume (%)



Global economic growth in 2017 is expected to improve with slow growth according to BAPPENAS. The volume of global trade will grow higher than global economic growth in 2017 and 2018. Global commodity prices are projected to be stagnant although there are signs began to rise. However, the OPEC decision to reduce the production could trigger a rise in future commodity prices.

Accordingly, reflection to **RPJMN 2015 – 2019**, government is aiming to strengthen overall development in various fields by emphasizing the achievement of economic competitiveness on the basis of competitiveness of natural resources and qualified human resources and the ability of science and technology.

Government Working Plan in 2017 Themed *"Stimulating Economic Development and Infrastructure to Boost Employment and Reducing Poverty and inequity between regions"* will be projected based on the implementation and achievement as the sustainability of the RKP RKP 2015 and 2016. The plan will also comply with the theme RPJMN-3 (2015-2019): strengthening overall development in various fields by emphasizing the achievement of economic competitiveness on the basis of competitiveness of natural resources and qualified human resources, as well as the ability of science and technology that continues to increase. This will be parallel with the emphasis on economic growth and infrastructure development.



According to BAPPENAS, in order to achieve **"free and active Indonesia in International Relations"**, the direction of Indonesian government towards international cooperation policy is as follows:

1. Increase role and quality of diplomacy in foreign relations. By doing this, Indonesia will ease the economic challenges such as the entry into force of the ASEAN community.
2. Strengthen Indonesia' capacity and political credibility abroad especially to some external influences on the national economy from developed countries and China and also the uncertainty of global development from economic crisis.
3. Increase the effectiveness and expand the existing cooperation network functions;
4. Strengthen the network of relations and productive cooperation between state actors and non-state actors in international relations;

In regard to Indonesia economic plan, Indonesia is aiming to maintain and increase the market share of Indonesian products in key export markets by leveraging the existing trade cooperation and enhance bilateral trade cooperation, in a way to increase the utilization of Global Value Chains and Global Production Networks. Indonesia is also aiming to enhance the role of trade representatives abroad to improve the export promotion; In product Creation, Indonesia aims to identify market opportunities and services export potential, such as:

- Refining the effectiveness of market intelligence to improve the competitiveness of national products as well as the quantity and quality of services exports in trade facilitation.
- Increase the capacity and ability of potential exporters and exporters beginners by improving socialization and dissemination of information regarding potential products.

Consequently, government will focus to decrease the number of tariff and non-tariff barriers to increase the productivity of Indonesia' businesses in countries which are the main export market to Indonesia. Indonesia will utilize the agreed scheme of international economic cooperation and minimize the negative impact of the implementation.

International Trade APINDO & IPC visit Gajah Tunggal



PT Gajah Tunggal Tbk

Jakarta, December 14 2016. International Trade Department scheduled a courtesy visit to Gajah Tunggal (GT) together with International Partnership Center (IPC) and Membership Department APINDO. This courtesy is aimed to maintain APINDO relations to its members as well as to familiarize members with programs in International Trade department.

In regard to international trade, GT so far have been trading with 85 states worldwide. GT has an advance established mechanism while trading overseas and settling trade dispute. Nonetheless, there are several trade barriers which delay their activities; they are mostly non tariff barriers. GT also face difficulty in their business expansion in middle east, especially Egypt and Iran.

International Trade APINDO & IPC Courtesy to AMEROP

Jakarta, December 14 2016. Together with IPC, International Trade Department scheduled courtesy visit to Directorate General of American and European Affairs (Amerop), Ministry of Foreign. This courtesy is aimed to maintain APINDO relations to ministry of foreign affairs while at the same time to familiarize the ministry with programs in International Trade department. Amerop suggested there will be regular engagement between government agencies and private sectors.



With the regular control, both parties can work together to maximize Indonesia trade potential. Both parties shall also work together in term of potential engagement and product identifications. In regard with international trade, Amerop explained that Indonesia usually face trade barriers especially non-tariff barrier include opaque requirements for labeling and manufacturing processes, arbitrary product standards, and slow and costly Customs and other import procedures, food safety rules that are not science-backed and a web of conflicting labeling requirements.

Our upcoming Events

International Trade Forum on 26 January 2017 themed *“Addressing non-tariff barriers to maximize Indonesia trade potential”* at Ruang Serba Guna APINDO, Permata Kuningan Building, 10th Floor.

1. Courtesy Visit to DPP East Nusa Tenggara & Export Activation Forum.
2. Courtesy Visit to PT. Sepatu Mas Idaman