Dr. Ir. Arief Yahya, M.Sc.
Minister of Tourism, Republic of Indonesia
TABLE OF CONTENT

A. Strategic Analysis of Current Condition
B. Strategic Formulation
C. Strategy Implementation
STRATEGIC ANALYSIS OF CURRENT SITUATION
TOURISM IS THE KEY OF DEVELOPMENT, PROSPERITY AND HAPPINESS

TOURISM IS A LEADING SECTOR

- Increased tourism and investment destination, making Tourism as a key factor in export earnings, job creation, business development and infrastructure;
- Tourism has experienced continuous expansion and diversification, and became one of the largest economic sectors and fastest growing in the world;
- Despite the global crisis occurred several times, the number of international tourist trips continued to grow → 25 million (1950) → 278 million (1980) → 528 million (1995) → 1,14 billion (2014).

Source: UNWTO Tourism Highlights, 2014
UNWTO World Tourism Barometer, Jan. 2015
WTTC, Jan. 2015
In 2015, Travel & Tourism directly contribute 2.4 Trillion Dollar to Global GDP.

- This Contribution is more than twice, of automotive industry,
- and nearly 50% more than global chemical industry.

- Travel & Tourism is equal to the value of education and banking industry.
TOURISM INDUSTRY’S IMPACT ON EMPLOYMENT

with 105 million people direct employment, Travel & Tourism is employing:

- 7 times more than automotive manufacture
- 4 times more than banking
- 4 times more mining
- Twice more than financial services

277 million of people is employed by global Travel & Tourism industry.

Source: WTTC, 2015
FOREIGN EXCHANGE EARNINGS

PROJECTED REVENUE FROM FOREIGN KEY SECTORS IN INDONESIA ECONOMY

“In 2020, tourism sector is the biggest foreign exchange earner for Indonesia”

Source: Pusdatin Kemenpar, 2014
“Untuk Indonesia, Pariwisata sebagai penyumbang PDB, Devisa dan Lapangan Kerja yang paling mudah dan murah.”

(For Indonesia, Tourism is The Cheapest and Easiest Contributor To GDP, Foreign Earnings, and Employment)

Dr. Ir. Arief Yahya, M.Sc
Menteri Pariwisata RI
Tourism as The Cheapest and Easiest Contributor to GDP, Foreign Exchange, and Employment

A. GDP
1. Contribute $10\%$ of National GDP, Highest in ASEAN.
2. Growth GDP from Tourism is Higher than Industry Average.
3. Spending $\text{US$ 1 million} \rightarrow \text{GDP 170\%}$, Highest Industry.

B. Foreign Exchange
1. Ranked $4^{\text{th}}$, contributor to National GDP, which is $9,3\%$.
2. Highest Foreign Exchange Earnings, which is $13\%$.
3. Marketing Cost is only taken $2\%$ from Projected Foreign Exchange Earnings.

C. Employment
1. Contribute $9,8$ million or $8,4\%$ of employment
2. Employment grow up to $30\%$ in $5$ years.
3. The cheapest employment creator, $\text{US$ 5.000/employment}$. 

Source: WTTC (2016) and World Bank (2016).
B Strategic Formulation
PRIORITY SECTORS
OF CURRENT WORKING CABINET/MINISTRIES

1. Food
2. Maritime
3. Energy
4. Tourism
5. SEZ & Industrial Zone
I. Directions in First Cabinet Meeting, 4th January 2016

"Ensure real ground progress in 10 priority tourism destinations’"

II. Directions in Ministry of Public Works and Housing, 6th January 2016

III. Directions in Ministry of Transportation, 18th January 2016
TOURISM DEVELOPMENT STRATEGY

“3A”

- ATTRACTION
- ACCESSIBILITY
- AMENITY

9 Portofolio Tourism Strategy
Government Leading
Private Sector Leading
**PORTFOLIO STRATEGY OF TOURISM**

### CUSTOMER PORTFOLIO

<table>
<thead>
<tr>
<th>PERSONAL</th>
<th>BUSINESS</th>
<th>INTERNATIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOURISTS DOMESTIC INDIVIDUAL / TRAVELLER FAMILY, COMMUNITY</td>
<td>BUREAU TRAVEL, UNIT OF SOCIETY, BUSINESS, ASSOCIATION, LOCAL GOVERNMENTS</td>
<td>DOMESTIC TOURISM</td>
</tr>
</tbody>
</table>

### PRODUCT PORTFOLIO

<table>
<thead>
<tr>
<th>(Nature) (35%)</th>
<th>(Culture) (60%)</th>
<th>(Man Made) (5%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. (MARINE TOURISM) (35%)</td>
<td>1. (HERITAGE AND PILGRIM TOURISM) (20%)</td>
<td>1. (MICE &amp; EVENTS TOURISM) (25%)</td>
</tr>
<tr>
<td>2. (ECO TOURISM) (45%)</td>
<td>2. (CULINARY AND SHOPPING TOURISM) (45%)</td>
<td>2. (SPORT TOURISM) (60%)</td>
</tr>
<tr>
<td>3. (ADVENTURE TOURISM) (20%)</td>
<td>3. (CITY AND VILLAGE TOURISM) (35%)</td>
<td>3. (INTEGRATED AREA TOURISM) (15%)</td>
</tr>
</tbody>
</table>

Sumber: Passenger Exit Survey, 2014
## TOURISM VISION 2016 - 2019

### Makro

<table>
<thead>
<tr>
<th>Indikator</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions to the National Gross Domestic Product</td>
<td>10%</td>
<td>11%</td>
<td>13%</td>
<td>14%</td>
<td>15%</td>
</tr>
<tr>
<td>Foreign Exchange (trillion USD)</td>
<td>144</td>
<td>172</td>
<td>200</td>
<td>223</td>
<td>280</td>
</tr>
<tr>
<td>Number of Workers (million people)</td>
<td>11,4</td>
<td>11,8</td>
<td>12</td>
<td>12,6</td>
<td>13</td>
</tr>
</tbody>
</table>

### Mikro

<table>
<thead>
<tr>
<th>Indikator</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitiveness Index (WEF)</td>
<td>#50</td>
<td>n.a.</td>
<td>#40</td>
<td>n.a.</td>
<td>#30</td>
</tr>
<tr>
<td>foreign tourists (Million visits)</td>
<td>10</td>
<td>12</td>
<td>15</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>Domestic Tourists (million trips)</td>
<td>255</td>
<td>260</td>
<td>265</td>
<td>270</td>
<td>275</td>
</tr>
</tbody>
</table>

**Note:**
- Tourism competitiveness index, the assessment is two (2) years by the World Economic Forum (WEF)
10 Tourism Priority Destination

- Danau Toba
  North Sumatera
- Tanjung Kelayang
  Bangka Belitung
- Mandalika
  West Nusa Tenggara
- Wakatobi
  South-East Sulawesi
- Morotai
  North Maluku
- Kepulauan Seribu dan Kota Tua
  DKI Jakarta
- Tanjung Lesung
  Banten
- Borobudur
  Central Java
- Bromo Tengger Semeru
  East Java
- Labuan Bajo
  East Nusa Tenggara

Tourism Authorization Board
National Strategic Tourism Zone
Special Economic Zone
LAKE TOBA

The World Super Volcano Geo Park
TANJUNG KELAYANG
Negeri Laskar Pelangi
(Home of Rainbow Troops)
TANJUNG LESUNG
Gateway to Adventure in West Edge of Java
KEPULAUAN SERIBU & KOTA TUA
Marine Based Eco-Tourism and World Heritage Site
BOROBUDUR
World Cultural Masterpiece
BROMO – TENGGER - SEMERU
International Geo-Ecoculture Park
MANDALIKA

World’s Best Halal Tourism
LABUAN BAJO
The Gate of The World Ecotourism in East Nusa Tenggara
WAKATOBI
Biodiversity, Water Sports, and Cruise Tourism
MOROTAI
Window of East Indonesia
C Strategy Implementation
Role of ABCGM – Indonesia Incorporated

Business as Locomotive

Tourism Transformations

Pentahelix Model

Academic (Conceptor)

Media (Catalisator)

Business (Enabler)

Government (Regulator)

Community (Accelerator)
Tourism Investment Realization 2012 – 2016

**DFI : DDI in 2016 = 88.18% : 11.82%**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DFI</td>
<td>768.16</td>
<td>462.52</td>
<td>511.81</td>
<td>732.46</td>
<td>1,192.92</td>
</tr>
<tr>
<td></td>
<td>88.33%</td>
<td>76.74%</td>
<td>74.73%</td>
<td>69.82%</td>
<td>88.18%</td>
</tr>
<tr>
<td>DDI</td>
<td>101.50</td>
<td>140.18</td>
<td>173.08</td>
<td>316.61</td>
<td>159.96</td>
</tr>
<tr>
<td></td>
<td>11.67%</td>
<td>23.26%</td>
<td>25.27%</td>
<td>30.18%</td>
<td>11.82%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>869.66</strong></td>
<td><strong>602.70</strong></td>
<td><strong>684.89</strong></td>
<td><strong>1,049.07</strong></td>
<td><strong>1,352.88</strong></td>
</tr>
<tr>
<td></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DFI</td>
<td>-39.79%</td>
<td>10.66%</td>
<td>43.11%</td>
<td>62.86%</td>
</tr>
<tr>
<td>DDI</td>
<td>38.11%</td>
<td>23.47%</td>
<td>82.93%</td>
<td>-49.48%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-30.70%</strong></td>
<td><strong>13.64%</strong></td>
<td><strong>53.17%</strong></td>
<td><strong>28.96%</strong></td>
</tr>
</tbody>
</table>

Source: Badan Koordinasi Penanaman Modal 2017
### Investment Overview in ASEAN

Excluding the financial sector and the upstream Oil and Gas

<table>
<thead>
<tr>
<th>No</th>
<th>Countries</th>
<th>FDI to ASEAN (USD Million)</th>
<th>Contribution 2015</th>
<th>Growth (Y-o-Y)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2014 (Jan-Sep)</td>
<td>2015 (Jan-Sep)</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Indonesia</td>
<td>10,470.1</td>
<td>15,479.1</td>
<td>26%</td>
</tr>
<tr>
<td>2</td>
<td>Vietnam</td>
<td>10,719.6</td>
<td>11,612.4</td>
<td>19%</td>
</tr>
<tr>
<td>3</td>
<td>Myanmar</td>
<td>2,764.8</td>
<td>8,963.7</td>
<td>15%</td>
</tr>
<tr>
<td>4</td>
<td>Malaysia</td>
<td>14,720.8</td>
<td>7,742.9</td>
<td>13%</td>
</tr>
<tr>
<td>5</td>
<td>Singapore</td>
<td>3,584.2</td>
<td>5,253.5</td>
<td>9%</td>
</tr>
<tr>
<td>6</td>
<td>Thailand</td>
<td>7,786.7</td>
<td>5,140.2</td>
<td>8%</td>
</tr>
<tr>
<td>7</td>
<td>Philippines</td>
<td>5,701.4</td>
<td>3,785.1</td>
<td>6%</td>
</tr>
<tr>
<td>8</td>
<td>Cambodia</td>
<td>967.1</td>
<td>1,217.2</td>
<td>2%</td>
</tr>
<tr>
<td>9</td>
<td>Laos</td>
<td>721.6</td>
<td>1,274.2</td>
<td>2%</td>
</tr>
<tr>
<td>10</td>
<td>Brunei Darussalam</td>
<td>99.1</td>
<td>21.9</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>57,535.5</strong></td>
<td><strong>60,490.3</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: BKPM (fDimarkets.com)
Tourism Investment Realization

Source: Indonesia Investment Coordinating Board (BKPM), 2017

USD 1 = Rp 13,900

1,353 USD Million
Tourism Investment Realization 2016

29%
Tourism investment growth from 2016

4%
Contribution to National Investment realization 2016
Tourism Investment Realization 2016
Foreign Direct Investment (FDI)

1192.92 USD Million
FDI Realization 2016

Top 3 Foreign Direct Investment

Based on Business Type

- 61% Star Hotel
- 23% Consulting Management
- 6% Other Short Accomodation

Based on Destination (Province)

- 54% DKI Jakarta
- 21% Bali
- 7% West Java

Based on Origin Countries

- 48% Singapore
- 12% British Virgin Islands
- 7% Hongkong, RRT
Tourism Investment Realization 2016
Domestic Direct Investment (DDI)

Top 3 Domestic Direct Investment

Based on Business Type

59%
Star Hotel

18%
Water Tourism

8%
Non Star Hotel

Based on Destination (Province)

25%
West Java

20%
Bali

15%
DI Yogyakarta
INDONESIA COMPETITIVENESS INDEX IN ASEAN

According to Travel and Tourism Competitiveness Report 2015 by World Economic Forum (WEF), in ASEAN, the rank of Indonesia is the 4th after Singapore, Malaysia and Thailand.

<table>
<thead>
<tr>
<th>No.</th>
<th>Sub Index / Pillar</th>
<th>Singapore</th>
<th>Malaysia</th>
<th>Thailand</th>
<th>Indonesia</th>
<th>Philippines</th>
<th>Vietnam</th>
<th>Lao PDR</th>
<th>Cambodia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Travel and Tourism Competitiveness Index 2015</td>
<td>11</td>
<td>25</td>
<td>35</td>
<td>50</td>
<td>74</td>
<td>75</td>
<td>96</td>
<td>105</td>
</tr>
<tr>
<td>I</td>
<td>ENABLING ENVIRONMENT</td>
<td>5</td>
<td>40</td>
<td>74</td>
<td>80</td>
<td>90</td>
<td>73</td>
<td>84</td>
<td>105</td>
</tr>
<tr>
<td></td>
<td>Business Environment</td>
<td>1</td>
<td>10</td>
<td>38</td>
<td>63</td>
<td>60</td>
<td>66</td>
<td>56</td>
<td>129</td>
</tr>
<tr>
<td></td>
<td>Safety and Security</td>
<td>8</td>
<td>42</td>
<td>132</td>
<td>83</td>
<td>128</td>
<td>75</td>
<td>56</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>Health and Hygiene</td>
<td>61</td>
<td>73</td>
<td>89</td>
<td>109</td>
<td>91</td>
<td>83</td>
<td>108</td>
<td>112</td>
</tr>
<tr>
<td></td>
<td>Human Resources and Labour Market</td>
<td>3</td>
<td>30</td>
<td>29</td>
<td>53</td>
<td>42</td>
<td>55</td>
<td>67</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>ICT Readiness</td>
<td>10</td>
<td>54</td>
<td>60</td>
<td>85</td>
<td>86</td>
<td>97</td>
<td>106</td>
<td>102</td>
</tr>
<tr>
<td>II</td>
<td>TRAVEL AND TOURISM POLICY AND ENABLING CONDITION</td>
<td>1</td>
<td>24</td>
<td>49</td>
<td>9</td>
<td>17</td>
<td>112</td>
<td>80</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>Prioritization of Travel and Tourism</td>
<td>4</td>
<td>56</td>
<td>40</td>
<td>15</td>
<td>27</td>
<td>119</td>
<td>50</td>
<td>37</td>
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<td></td>
<td>International Openness</td>
<td>1</td>
<td>46</td>
<td>49</td>
<td>55</td>
<td>29</td>
<td>89</td>
<td>76</td>
<td>59</td>
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<tr>
<td></td>
<td>Price Competitiveness</td>
<td>116</td>
<td>6</td>
<td>36</td>
<td>3</td>
<td>24</td>
<td>22</td>
<td>48</td>
<td>40</td>
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<tr>
<td></td>
<td>Environmental Sustainability</td>
<td>51</td>
<td>119</td>
<td>116</td>
<td>134</td>
<td>112</td>
<td>132</td>
<td>112</td>
<td>118</td>
</tr>
<tr>
<td>III</td>
<td>INFRASTRUCTURE</td>
<td>5</td>
<td>41</td>
<td>37</td>
<td>75</td>
<td>82</td>
<td>94</td>
<td>100</td>
<td>113</td>
</tr>
<tr>
<td></td>
<td>Air Transport Infrastructure</td>
<td>6</td>
<td>21</td>
<td>17</td>
<td>39</td>
<td>67</td>
<td>68</td>
<td>89</td>
<td>103</td>
</tr>
<tr>
<td></td>
<td>Ground and Port Infrastructure</td>
<td>2</td>
<td>35</td>
<td>71</td>
<td>77</td>
<td>93</td>
<td>87</td>
<td>96</td>
<td>116</td>
</tr>
<tr>
<td></td>
<td>Tourist Service Infrastructure</td>
<td>34</td>
<td>68</td>
<td>21</td>
<td>101</td>
<td>82</td>
<td>105</td>
<td>97</td>
<td>108</td>
</tr>
<tr>
<td>IV</td>
<td>NATURAL AND CULTURAL RESOURCES</td>
<td>40</td>
<td>24</td>
<td>21</td>
<td>17</td>
<td>56</td>
<td>33</td>
<td>94</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>Natural Resources</td>
<td>69</td>
<td>26</td>
<td>16</td>
<td>19</td>
<td>49</td>
<td>40</td>
<td>77</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>Cultural Resources and Business Travel</td>
<td>22</td>
<td>27</td>
<td>34</td>
<td>25</td>
<td>62</td>
<td>33</td>
<td>113</td>
<td>76</td>
</tr>
</tbody>
</table>

: Top Five (Rank)  : Bottom Five (Rank)

Government Support for Special Economic Zones (SEZ)
Government Support for Special Economic Zones (SEZ)

Non Fiscal Incentives

✓ Local government support (land tax reduction)
✓ Ease employment
✓ Ease immigration for foreigners businesses
✓ Ease of land acquisition
✓ Ease of infrastructure coordination
✓ Negative investment list does not apply except for reserved business fields for SMEs and cooperatives
✓ Ease of licensing / permit applications (including one stop services by Central Government or Local Government)
Government Support for Tourism Industry

1. Free Visa Endorsement 2016 (Presidential Regulation Number 21 Year 2016)
   - Since 10 Maret 2016, 169 countries are granted tourist visa free facilities.

2. Implementation of Certification of Tourism Enterprises by Development Competency Certification (Regulation of the Minister of Tourism and Creative Economy No. 1 Year 2014 on the Implementation of Tourism Business Certification)
   - Development of Competency Standards
   - Development Competency Certification Scheme
   - Implementation of Competency Certification
   - Harmonization and Recognition of Competence Certification

3. Clearance Approval for Indonesia Territory (Presidential Regulation Number 105 Year 2015).
   - Since 30 September 2015, Clearance Approval for Indonesia Territory (CAIT) has been removed by the Government.
National Target for Special Economic Zone
2015 - 2019

Developing 25 KEK until 2019

Developing
9 SEZ
Until April 2016

1. SEZ Sei Mangkei
2. SEZ Tj. Lesung
3. SEZ Palu
4. SEZ Bitung
5. SEZ Morotai
6. SEZ Tj. Api-api
7. SEZ Mandalika
8. SEZ MBTK
9. SEZ Tj. Kelayang

Source: RPJMN 2015-2019

Target
16 SEZ
From 2015 - 2019

7 New SEZ Outside Java

1. Merauke
2. Sorong
3. Maluku
4. Sulawesi Selatan
5. NTT
6. Kalimantan Barat
7. Kalimantan Utara

Source: RPJMN 2015-2019

9 Tourism SEZ
Until April 2016
1. SEZ Tj. Lesung
2. SEZ Morotai
3. SEZ Mandalika
4. SEZ Tj. Kelayang

Source: Matriks RPJM Kementrian/Lembaga Tahun 2015-2019 Halaman II.M.I.050-4
### WONDERFUL INDONESIA PERFORMANCE AMONG ASIAN COUNTRIES

**World Economic Forum / WEF (2015)**

<table>
<thead>
<tr>
<th>Nation</th>
<th>Country Brand Strategy rating (max=100)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rank</td>
</tr>
<tr>
<td>Japan</td>
<td>2</td>
</tr>
<tr>
<td>India</td>
<td>37</td>
</tr>
<tr>
<td>Singapore</td>
<td>41</td>
</tr>
<tr>
<td><strong>Indonesia</strong></td>
<td><strong>47</strong></td>
</tr>
<tr>
<td>Hongkong</td>
<td>51</td>
</tr>
<tr>
<td>Korea</td>
<td>60</td>
</tr>
<tr>
<td>Thailand</td>
<td>83</td>
</tr>
<tr>
<td>Malaysia</td>
<td>96</td>
</tr>
</tbody>
</table>

Indonesia is at 47th rank, defeating Thailand (83) and Malaysia (96).

Wonderful Indonesia Branding Strategy for online penetration is still better compared to Thailand and Malaysia, but still below Singapore.

This Sub-pillar is evaluated with the following considerations:

1. NTO indicators focused on *Digital Demand* (D2)
2. *Positioning Strategy and tourism promotion with regards to brandtags*
3. Total online searches from international tourists

PROMOTION OF WONDERFUL INDONESIA

TV COMMERCIAL EXAMPLES

BRANDING & ADVERTISING

TV commercial for Chinese market

Advertising on South Korea (Samsung)

Wonderful Indonesia Banner on TripAdvisor

Pesona Indonesia on Public Space
PROMOTION OF WONDERFUL INDONESIA

- MEDIA PLACEMENT AND PUBLIC SPACE ADVERTISING EXAMPLES

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