

MINUTES

INDUSTRY COUNCIL MEETING

Saturday, May, 17, 2014

14:00 – 16:30

Meeting Room: Room 309
Chimelong Hengqin Bay Hotel
Zhuhai, China

Chairman:

Scott Supernaw Managing Director-International, Tauck World Discovery

Vice Chairman:

Bill Calderwood Managing Director, the Ayre Group Consulting

Presents:

Dr. Fanny Chuk Kwan Vong	Institute for Tourism Studies, Macao (IFT)
Mr. Andrew Ford	DFS Group Ltd
Ms. Anna Hong	Shun Tak - China Travel Ship Management Limited
Mr. Ashok Pokharel	Shangri La Tours (P) Ltd.
Mr. Basant Mishra	Venture Travel (Temple Tigers) Nepal
Mr. Darren Ng	TTG Asia Media Pte. Ltd.
Mr. Gerald Perez	Leading Edge
Mrs. Gloria Henderson	HNL Travel Associates
Mr. Henry Oh, Jr.	Global Tour, Ltd.
Mr. Ivan Wen Hsing(Proxy)	University of Hawaii at Manoa
Mr. Jae-Pil Sho	Travel Press - Korea
Mr. Luzi A. Matzig	Asian Trails Ltd
Mr. Peter Semone	Lao National Institute of Tourism and Hospitality (LANITH)
Mrs. Ratten Abdulhussein Jr.	Pan Lanka Travels & Tours (Pvt) Ltd.
Ms. Sarah Matthews (Proxy)	TripAdvisor
Mr. Stephen Chang	Fuller Express Corporation
Mr. Suman Pandey	Explore Himalaya Travel and Adventure
Mr. Tunku Iskandar	Mitra Malaysia Sdn. Bhd.
Mr. Wang Chunfeng	Beijing UTour International Travel Service Co.,Ltd
Mr. Willem Niemeijer	Khiri Travel Co., Ltd.
Mr. Yany Kwan	Vacations International Travel Service (Macau) Ltd.
Prof. Kaye Chon	School of Hotel and Tourism Management The Hong Kong Polytechnic University

Apologies:

Mr. Bihu Wu	Beijing BES Tourism Consulting & Design Co., Ltd.
Dr. Chris Bottrill	Capilano University
Dr. Juanita Liu	University of Hawaii at Manoa
Dr. Martin Buck	Messe Berlin / ITB Berlin
Dr. Mathew McDougall	Digital Jungle
Dr. Wolfgang Arlt	China Outbound Tourism Research Institute
Major Kyi Thein Ko	Myanmar Tourism Federation
Mr. Aashutosh Akshikar	Mercury Travels Limited
Mr. Akbar Shareef	Rakaposhi Tours (Private) Ltd.
Mr. Al Purwa	Kuta Cemerlang Bali Jaya (KCBJ Tours & Travel)
Mr. Anthony Wong	Asian Overland Services Tours & Travel Sdn. Bhd.
Mr. Arjun Sharma	Le Passage to India Tours & Travels Pvt. Ltd.
Mr. Charles Ogilvie	Panasonic Avionics
Mr. Chee Chye Tan	World Express Group
Mr. Dai Zhen	Chengdu Culture & Tourism Development Group L.L.C.

Mr. Dilip Singh	Heritage Institute of Hotel & Tourism
Mr. Dipak Deva	SITA
Mr. Dominic Ong	Star Holiday Mart Pte. Ltd.
Mr. Don Ross	Ross Publishing Ltd. - Bangkok (TTR Weekly)
Mr. Douglas Shifflet	D.K. Shifflet & Associates Ltd.
Mrs. Elly Hutabarat	PanTravel
Mr. Hiroshi Kurosu	Japan Travel Bureau Foundation
Ms. Jaishree Mehta	Travel Vision
Mr. Jens Thraenhart	Dragon Trail Interactive
Mr. Jesper Palmqvist	STR Global
Mr. Joe Nguyen	comScore, Inc.
Mr John King	Australian Tourism Export Council (ATEC)
Mr. Juergen Steinmetz	eTurboNews, Inc.
Mr. Kapil Goswamy	Trans India Holidays
Mr. Kevin Tatem	SiteMinder
Mr. Klaus Lengefeld	GIZ, Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
Mr. Kosuke Shibata	Japan Association of Travel Agents
Mr. Manh Tran	Vietnam International Travel Corporation
Mr. Martin Symes	Abacus International Pte. Ltd.
Mr. Matt Thompson	China Outbound Travel and Tourism Market (COTTM)
Mr. Melvyn Yap	Silversea Cruises
Mr. Michael Graham	Titanic Quarter Limited
Mr. Michael Yates	Travelport
Mr. Mohamed Buzizi	Gulf International Convention & Exhibition Centre
Mr. M.P. Abdul Karim	Al Ghaith & Al Moosa Travel Agency LLC (ALTA)
Mr. Naoyuki Fujii	TOPTOUR Corporation
Mr. Pawan Tuladhar	Dharma Adventures Pvt., Ltd.
Mr. Pradeep Nair	Taylor's University
Mr. Rajeev Wagle	Kuoni Travel (India) Pvt. Ltd.
Mr. Rick Vogel	Include Co., Ltd.
Mr. Riyaz Cherukaramekathil	Spiceland Holidays and Entertainments Private Limited
Mr. Rohizam Yusoff	Creative Advances Technology Sdn., Bhd.
Mr. Samrat Sanyal	East Wind Holiday Tours Private Limited
Mr. Sanjeet	Durga Das Publications Pvt. Ltd.(Trav Talk)
Mr. Sinan Thourn	B2B Cambodia (Travel/Tours/MICE) Co., Ltd
Mr. Soon-Hwa Wong	Hertz Asia Pacific
Mr. Stewart Moore	EC3 Global
Mr. Taufiq Rahman	Journey Plus
Mr. Theodore Koumelis	TravelDailyNews International
Mr. Thuppalai Prahlad	DBA & Sons Travel & Tours
Mr. Vikram Madhok	Abercrombie & Kent India Ltd.
Mr. Walter Keats	Asia Pacific Travel, Ltd.
Mr. Walter Smith	Smith's Motor Boat Service, Inc.
Mr. Wilfred Fan	Agoda Services Co., Ltd
Mr. William Calderwood	The Ayre Group Consulting
Mr. Yangyang Qu	China International Travel Service Limited, Head Office
Mrs. Marie Zhai Ning	Hainan Ananda International Travel Service Co., Ltd.
Ms. Karin Gert Nielsen	Atlantic Link
Ms. Linh Phan	Blue Dragon Tours
Ms. Nancy Cockerell	The Travel Business Partnership
Ms. Peng Xiaomei	Beijing Qunar Software Technology Company Limited

Observers:

Mr. Inder Sharma	Kuoni Travel (India) Pvt. Ltd
Mrs. Linda Song	Plaza Premium Lounge Management Ltd
Ms. Ratten Abdulhussein	Pan Lanka Travels & Tours Ltd

Special Speaker:

Mr. Naut Klausters

Travelife

PATA Staff:

Ivy Chee

Regional Director - East Asia

1. Chairman Scott Supernaw called the industry council meeting to order and the committee members to introduce themselves on the floor.
2. Chairman Scott Supernaw invited the committee members to complete the nomination form to vote for the new Chairman and Vice-Chairman of the Industry Council.
3. Chairman Scott Supernaw invited Ivy Chee to present the *Asia Pacific Visitor Forecast 2014-2018 Report*.
4. Ivy Chee, Regional Director- East Asia presented the newly published "*the Asia Pacific Visitor Forecast 2014-2018 Report*", which has been realized in co-operation with the Hong Kong Polytechnic University. The *PATA Asia Pacific Visitor Forecasts 2014-2018 Volume I - Executive Summary* focuses on annual flows into each of the 38 destinations within Asia Pacific by major source region over the period 2014 to 2018. *The Volume II* provides greater details concerning international arrivals into Asia Pacific destinations at the discrete origin level and on a quarterly as opposed to an annual basis level. She underlined that the impact of these forecasts are such that they are routinely used by members to develop far more granular predictions of the immediate future. Most of the forecasts are based on the econometric model known as autoregressive distributed lag and error correction model (ADL-ECM). Then, she showed the key findings, highlighting how visitor arrivals to the Asia Pacific region will continue to grow at an average annual growth rate of 6.3% over the period 2014-2018 reaching 670 million by 2018. Northeast Asia will maintain its dominant position in the collective inbound market of Asia Pacific, however its market share will decrease from 51% in 2012 to 48% by 2018 due to the expansion of Southeast Asia. China will continue to be the top inbound destination in Asia Pacific, peaking at 146 million visitors annually, while Hong Kong SAR will surpass the USA to be the second largest inbound destination in Asia Pacific by 2017. The market share of Northeast Asia will decrease from 51.2% in 2012 to 48.6% in 2018; Southeast Asia from 19.0% to 26.2%; South Asia from 2.0% to 2.1%. The market share for Americas will decrease from 23.8% in 2012 to 19.8% in 2018; the Pacific from 4.1% to 3.2%. Visitor arrivals to the Asia Pacific region will continue to grow at an average rate of just over 6% per annum over the period 2013-2018 rising from a total inbound count of 493 million (2013) to just short of 670 million (2018). This represents an increase of 177 million additional IVAs over the volume achieved in 2013. The findings show that Asia will be the strongest growing region with the Asia Pacific. Within Asia, Southeast Asia will show the strongest average growth rate over the forecast period (+12.1%), as well as the strongest increase in additional IVAs (+75 million). while Northeast Asia will grow at a relatively slower rate (+5.6%), South Asia will show a strong growth rate over the forecast period (+7.0%), and even with its relatively smaller absolute count of foreign arrivals will see a volume increase of four million by the end of 2018. Northeast Asia will maintain its dominant position in the collective inbound market of Asia, however its relative share of IVAs will

decrease to around 64% by 2018 (from 70% in 2013) due to the growing significance of Southeast Asia. In overall volume terms, the top ten destinations within Asia Pacific by 2018 will be shown with China in a dominant position with about 146 million international arrivals at that point. Regarding the forecasts for Thailand, the large increase of visitor arrivals are mainly driven by the huge increase of visitor arrivals from China. For example, the arrivals from China in 2010, 2011 and 2012 and 2013 increased by 44%, 53%, 62% and 78%, respectively, and this trend is likely to continue due to the surging middle class in China who wants to travel internationally. The main source markets for Asia Pacific will remain Asia, Americas and Europe and this will not change over the forecast period, however Asia becomes more dominant increasing its relative share as a supplier of IVAs from 66% in 2013 to 70% in 2018. This is driven by a strong average growth rate (+6.3% per annum) and an already sizeable numeric base of arrivals. By the end of the forecast period Asian source markets into Asia Pacific will have increased by more than 177 million. The overall increase in arrivals from Africa is forecast to average 3.3% per annum between 2013 and 2018, to reach around 2.3 million arrivals in that latter year.

5. Yany Kwan stated that it is feasible to project some of the indications on how people behave in the tourism sector but what is concerning is the capacity of the city, especially when considering the example of Macau and Hong Kong.
6. Bill Calderwood highlighted that the statistics just show the predicted international overnight arrivals, which are different from the actual capacity level of the market. He also added that it would be useful to know the breakdown of the international travelers.
7. Ivy Chee and Sarah Matthews considered the forecast a very intuitive and useful tool, a mathematical extrapolation based on trends.
8. Anna Hong brought the attention to the possible consequences and issues that destinations may face as a result of the huge growth of IVAs from China.
9. Scott Supernaw referenced the CNN to point out that Paris and London have become the first and the second European destinations respectively, but they have service capacity issues; it is also interesting to consider the increasing demand for shoulders off-season.
10. Ashok Pokharel invited to take consideration of the capacity issues that popular destination may face as a result of a substantial growth of international visitors arrivals.
11. Scott Supernaw invited the member to reflect on the impact of China outcome on the laminated shopping totes.
12. Andrew Ford made a comment regarding the impact they experienced in the first three months, but having been one of the first retail company to receive accreditation from the Chinese government to laminated shopping totes companies, the business has been running really smoothly.
13. Scott Supernaw stressed that "Tauck" is approved by NTA's and CNTA's to annual Chinese inbound; they do not have a program for it yet, but they are listed and accepted.
14. Ivy Chee continued explaining that the IVAs from America are expected to grow at an average rate of 3.4% per annum between 2013 and 2018 reaching an inbound count of more than 109 million in that latter year, an increase of 16.9 million over the 2013 count. Cross-border flows between Canada and the

USA as well as Mexico and the USA dominate, however Brazil is looking very promising also adding close to 1.5 million additional arrivals into the USA over the forecast period. IVAs from Asia are predicted to average an annual growth rate of 7.3% between 2013 and 2018, generating an absolute volume of well over 462 million arrivals, an increase of more than 137 million over the five-year period. China is the dominant source market generating enormous increases into compatriot destinations but also into Thailand. IVAs from Asia are predicted to average an annual growth rate of 7.3% between 2013 and 2018, generating an absolute volume of well over 462 million arrivals, an increase of more than 137 million over the five-year period. China is the dominant source market generating enormous increases into compatriot destinations but also into Thailand. Interesting to note that perhaps the Russians have also 'discovered' Cambodia.

15. Luzi Matzig pointed out that IVAs figures seem too much inflated, especially when considering the forecast of IVAs from China for the next four years.
16. Martin Craigs underlined that the econometric model realized by the Hong Kong Polytechnic University is based on outbound demand and does not take into consideration the capacity of the market. The ever-increasing IVAs from China are certainly a reflection of the growing wealth and disposable income of the Chinese population who wants to travel internationally.
17. Ratten Abdulhussein Jr. asked whether the statistics are based on desire to travel as opposed to destination capability and costs to travel destinations.
18. PATA CEO Martin Craigs explained that the model is based on the integration of over 800 spreadsheets, including statistics from the World Bank, the ADB, *The Economist*. The findings show that the trigger point has been the growing wealth of the Chinese middle class, which has boosted the demand. There are also huge aspirations to absorb the demand, especially considering the example of Indonesia wanting to build 50 cities, one million each, with a tourism theme in the next 20 years.
19. Andrew Ford asked whether anybody has calculated the infrastructural investment in Thailand, so to derive the capacity level of 2018.
20. Martin Craigs explained that due to the current political instability, it has been very difficult to get access to the government. However, before the coup took place, there were huge debates on fast trains and distributing people moving quickly from the major airport hubs. He also mentioned the example of Chiang Mai, which now has 20 different airlines serving its airport, to show that it is important to distribute the traffic and not be so hub dependent, such as Myanmar.
21. Luzi Matzig pointed out that both Phuket and Krabi airport are at their full capacity. Therefore, it is will be hard to see how these infrastructures will be able to accommodate the ever-increasing IVAs from China predicted by 2018.
22. Martin Craigs also highlighted the carrying capacity of the major attractions. He mentioned the system to regulate travelers to Petra used by UNWTO Secretary General Taleb Rifai, when he was still Minister of Tourism and Antiquities in Jordan. The system did restrict the number of arrivals to protect the already fragile environment. Similarly, last February they have been asked to calculate the carrying capacity of Angkor Wat.

23. Ivy Chee pointed out that Australia remains the Pacific's dominant source of arrivals into Asia Pacific destinations, while the flows between New Zealand and Australia also remain solid. While intra-regional flows from the USA are strong, there are never the less other destinations that will benefit from the American outbound demand, notably China, India and the Philippines amongst others. The USA will generate around 37 million arrivals into Asia Pacific destinations by 2018, an increase of more than 2.4 million additional IVAs on the back of an AAGR of 1.4% over the period. Mainland China will generate substantial increases in arrivals for a number of Asia Pacific destinations by 2018. In addition to the compatriot destinations and Thailand, Korea (ROK) and the USA both stand to see increases numbering in the millions over this forecast period. IVAs from China into Asia Pacific generally are expected to reach more than 181 million by 2018, increasing the arrivals volume by over 99 million additional arrivals between 2013 and 2018.
24. Willem Niemeijer asked about the discrepancies between different destinations, and underlined that Indonesia will be more ready than Thailand to accommodate the tremendous forecasted growth of IVAs into the Asia-Pacific region.
25. Bill Calderwood pointed out that when looking at forecasts, it is always pivotal to take the impact on sustainability and yield at the core of the analysis, especially in those cases where demand exceeds supply. For instance, many desirable destinations in the Asia-Pacific could actually have limited capacity to develop further sustainable tourism growth.
26. Ivy Chee outlined that IVAs from China into Asia Pacific generally are expected to reach more than 181 million by 2018, increasing the arrivals volume by over 99 million additional arrivals between 2013 and 2018. Although not on a scale as massive as the flows from China, India never the less generates substantial visitor arrivals, particularly (but not only) into Southeast and Northeast Asia. Seven destinations look set to increase their arrivals count from India by more than 100,000 each with Thailand setting the pace with a forecast gain of close to 440,000 over the five-year period. India generally is predicted to generate more than eight million arrivals into Asia Pacific destinations annually by 2018, an increase of almost two million additional IVAs over the 2013 count. The Japan outbound market has in the past cycled through various periods of growth and stagnation and at the aggregate level IVAs into Asia Pacific through to 2018 are predicted to once again grow only very slowly, with less than 200,000 additional arrivals being expected by 2018. Five Asia Pacific destinations are forecast to receive volume gains in excess of 100,000 by the end of the forecast period led by Vietnam, India and Myanmar each of which can expect more than 200,000 additional IVAs expected. France remains a significant source markets for many parts of Asia Pacific, particularly Southeast Asia where Vietnam is showing the strongest numeric gain in arrivals from this market out to 2018. Even though IVAs from France into Asia Pacific are expected at best to remain static, by 2018 France will generate around 313,000 arrivals into Vietnam. German travelers into Asia Pacific are expected to show only marginal overall growth through to 2018, generating an inbound volume of 5.8 million arrivals by the end of 2018. This represents a gain of only 155,000 over the forecast period but once again, some individual markets will see reasonable growth out of this source market. Sri Lanka and India in particular can expect to see reasonable increases in IVAs from Germany over the forecast

period. The USA is predicted to realise the strongest gains in IVAs from the UK over the forecast period, adding an estimated 180,000 additional arrivals to its inbound count between 2013 and 2018. Other Asia Pacific destinations will see some increases but overall this source market is expected to grow only slowly into Asia Pacific between 2013 and 2018 (< 1% per annum). Russian IVAs into Asia Pacific are expected to grow at close to 20% per annum between 2013 and 2018, reaching an annual inbound volume of close to 15 million annually by the end of 2018. This translates into an increase of almost nine million additional IVAs over the 2013 volume. Thailand, China and Cambodia in particular are expected to see substantial increases, particularly Thailand where increases up to 6.4 million additional IVAs are predicted giving the Kingdom an annual inbound count from this source market of 8.3 million by the end of 2018. Hong Kong SAR and Macau SAR are forecast to experience the fastest growth in visitor receipts among the top 6 destinations. The annual growth rate of Hong Kong SAR is projected to be consistently more than 20% throughout the forecasting period and that of Macau SAR is even higher, reaching an AAGR of 33.6%. As such, Macau SAR will catch up with the USA to take the first position in 2018 while Hong Kong SAR will surpass Australia, Thailand and China to take the third position by the end of 2018. Although Thailand will continue to experience a high AAGR of 13% in the next 5 years, it will be overtaken by Hong Kong SAR to become the 5th largest receipt earners from 2017 onward.

27. Martin Craigs commented on the tremendous forecasted growth of Macau, which is generating seven times the revenues of Las Vegas.
28. Luzi Matzig commented that it would be impossible to accommodate six million Russians per year, that would be half of a million Russian per month and 250,000 planes per month.
29. Sarah Matthews specified that the statistics presented are trend data based for example on the current trend of Chinese travelers. As time progresses, they are going to be looking at second places to go and the demand will then consequently change. TripAdvisor surveys show that Chinese travelers are looking for healthy travels, which will mean different sources.
30. Ivy Chee concluded the presentation and thanked all the participants.
31. Martin Craigs discussed about management activities such as PATA Internship Associate Programme, PATAcademy to develop the human capital development, PATA Hub City Series and PATA Travel Mart in Cambodia.
32. Some of the members asked about PATA Associate program and the possibility hiring PATA interns in the future.
33. Travelife General Manager Naut Kusters introduced himself and the aim of Travelife, which is to promote sustainability for Tour Operators and Travel Agents. He announced the fore coming collaboration of Travelife with PATA and the support of the CBI, the Dutch Government, to enable PATA members to implement sustainability in their management system.
34. Members followed up on the presentation of Travelife, asking questions regarding the certificate fees and the relations between Travelife and GSTC.
35. Chairman Scott announced and congratulated the New Chairman Micheal Yates and Vice Chairman Anna Hong. He concluded the meeting and thanked all the participants.