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TOURISM'S ROLE IN THE
SOUTH PACIFIC ECONOMY

Tourism
will INSPIRE
sustainable growth
and EMPOWER
pacific people

Economic Growth - Tourism RATIONALE

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TOURISM

Pacific Islands Forum Post-Forum Dialogue Plenary Statement on Tourism

WHY TOURISM IS IMPORTANT TO THE ISLANDS

TOURISM IS ONE OF THE SIGNIFICANT INDUSTRY sectors contributing to the economy of the region, generating substantial foreign exchange inflows to the region, creating employment and makes large contributions to government revenue.

It is a sector where Pacific Islands Countries have a comparative advantage and can compete internationally. Tourism therefore has an important role to play in achieving the goals of Pillar 1 of the Pacific Plan: "Economic Growth".

A study commissioned in 2005 by south-pacific.travel (formerly known as South Pacific Tourism Organisation) estimated a total of US\$1,750 million that tourists spend across its 13 Pacific Islands member countries.

The study identified that in 2004, departure

other purchases that are made from local economies in the region.

Tourism therefore contributes significantly to the improvement of livelihoods in the Pacific.

At the same time, the lack of retention (or "leakage") of the tourism dollar within Pacific economies has received much attention recently. The value of tourism, as claimed by some, is eroded by leakage of tourism earnings out of Pacific Islands Countries.

Benefits of tourism: Tuilaepa Sailele Malielegaoi... Samoa PM. This point of view is highly debatable. Experts from the

to market a destination to the satisfaction of all stakeholders. Destinations must compete internationally for the tourism dollar, and competition is fierce.

Pacific destinations have performed well in developing the Australian and New Zealand

markets which provide 50% of visitors to the region. There is a significant latent demand however in large markets of North America, North Asia and Europe for the small scale, high value visitor experience in which the Pacific excels. However, destinations competing with the Pacific typically work with much larger government budgets for their international marketing. Investment in regional marketing to open up these opportunities is therefore essential.

The Internet and new media has dramatically impacted the tourism sector. The Pacific has



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Largest and fastest growing sector

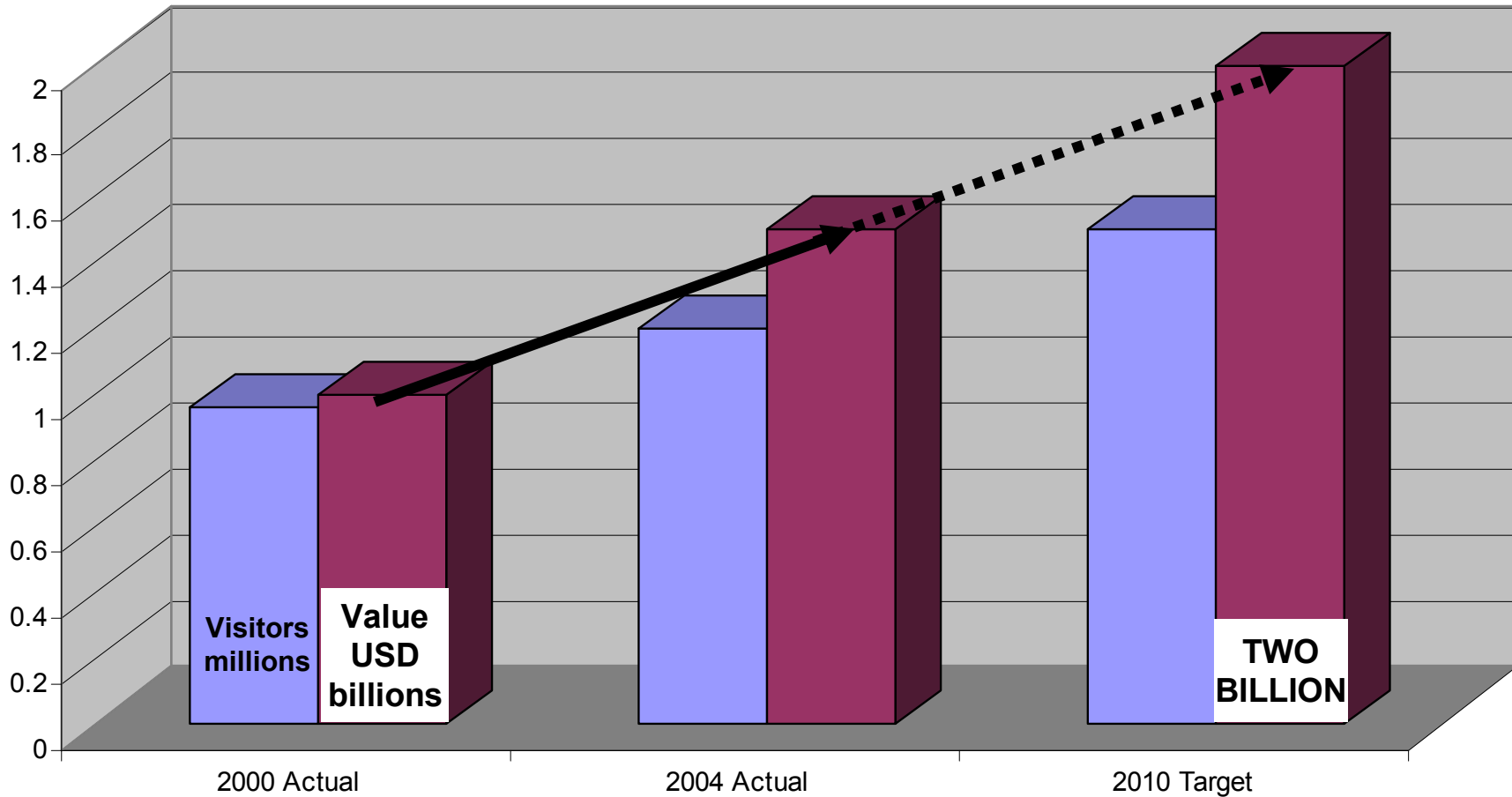
**Biggest contributor to Pillar 1 of Pacific Plan
– Economic Growth**

Pacific has competitive advantage

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2 BILLION BY 2010



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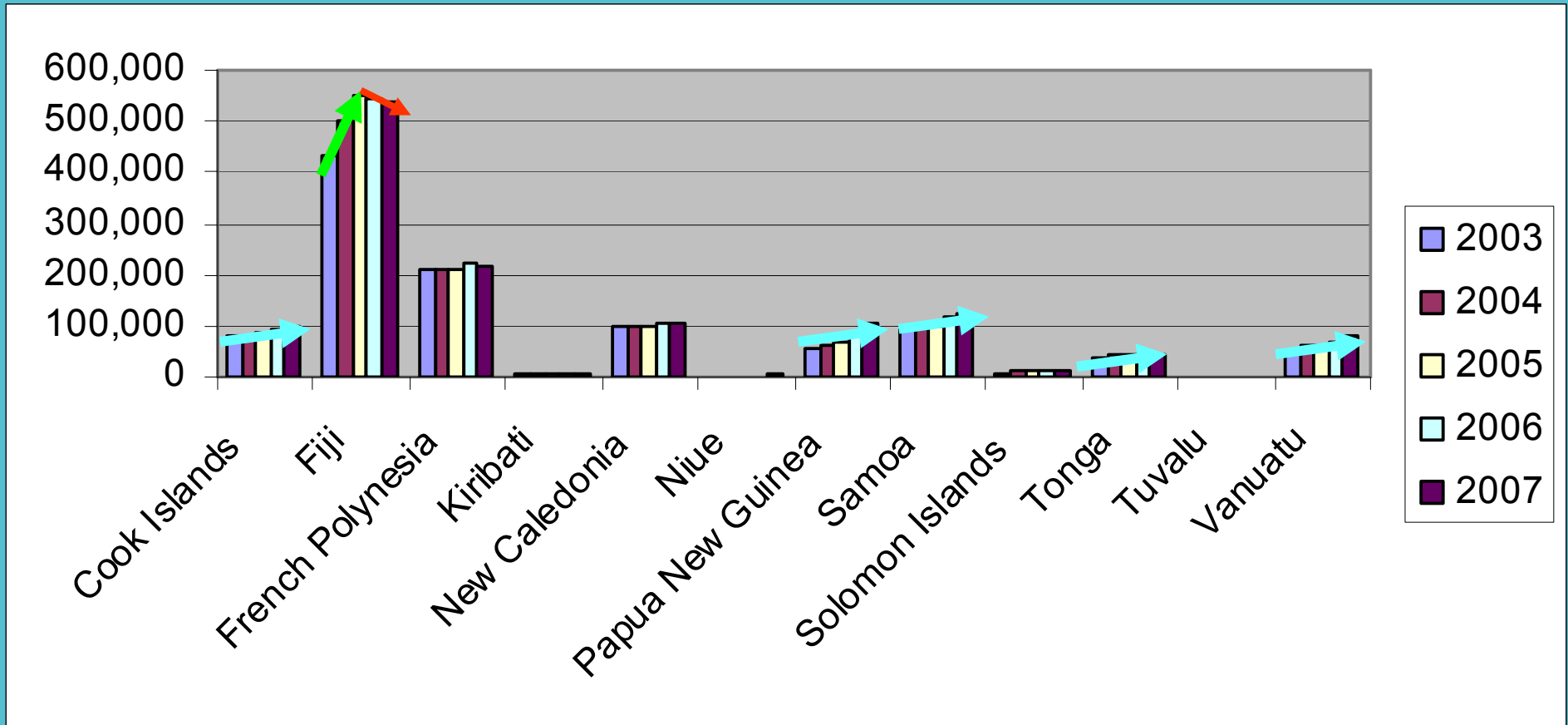
UNESCAP 2008

“Tourism, telecoms, and agriculture could drive future economic growth (in the Pacific) ...

In recent years, tourism has led growth in several Pacific island countries...

Tourism-related economic activity has become more important only recently (in countries other than Fiji) ..

Tourism Widespread in 21C



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UNESCAP 2008 “Niche tourism development opportunities in Small Island States



Kiribati

Tuvalu



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AusAID 2008

“Fiji continues to dominate Pacific tourism, although

**Growth in Samoa, Palau, and Vanuatu is driven
by tourism...**

PNG’s visitors increased 32% in 2007...

Cook Islands also attracting more visitors...

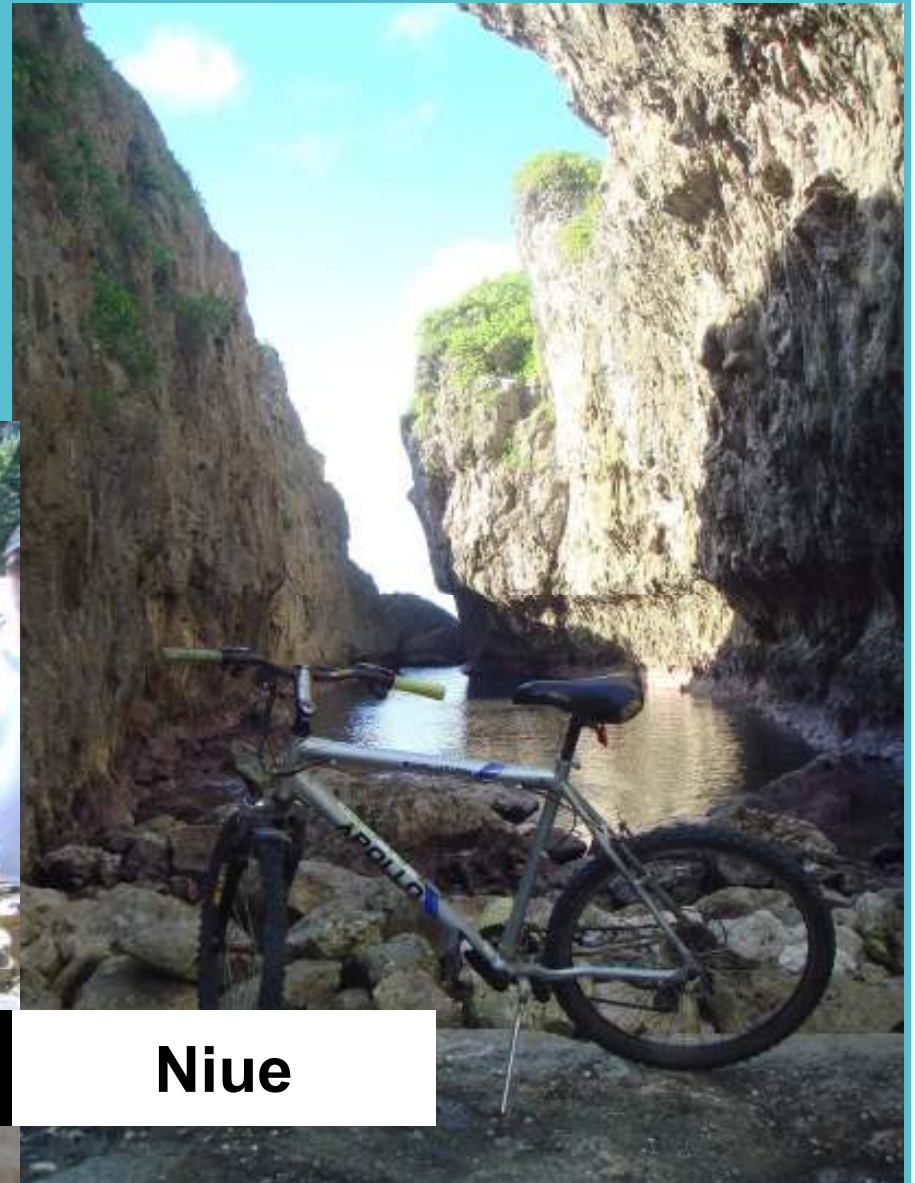
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2008
“Tourism development
is strategic...”

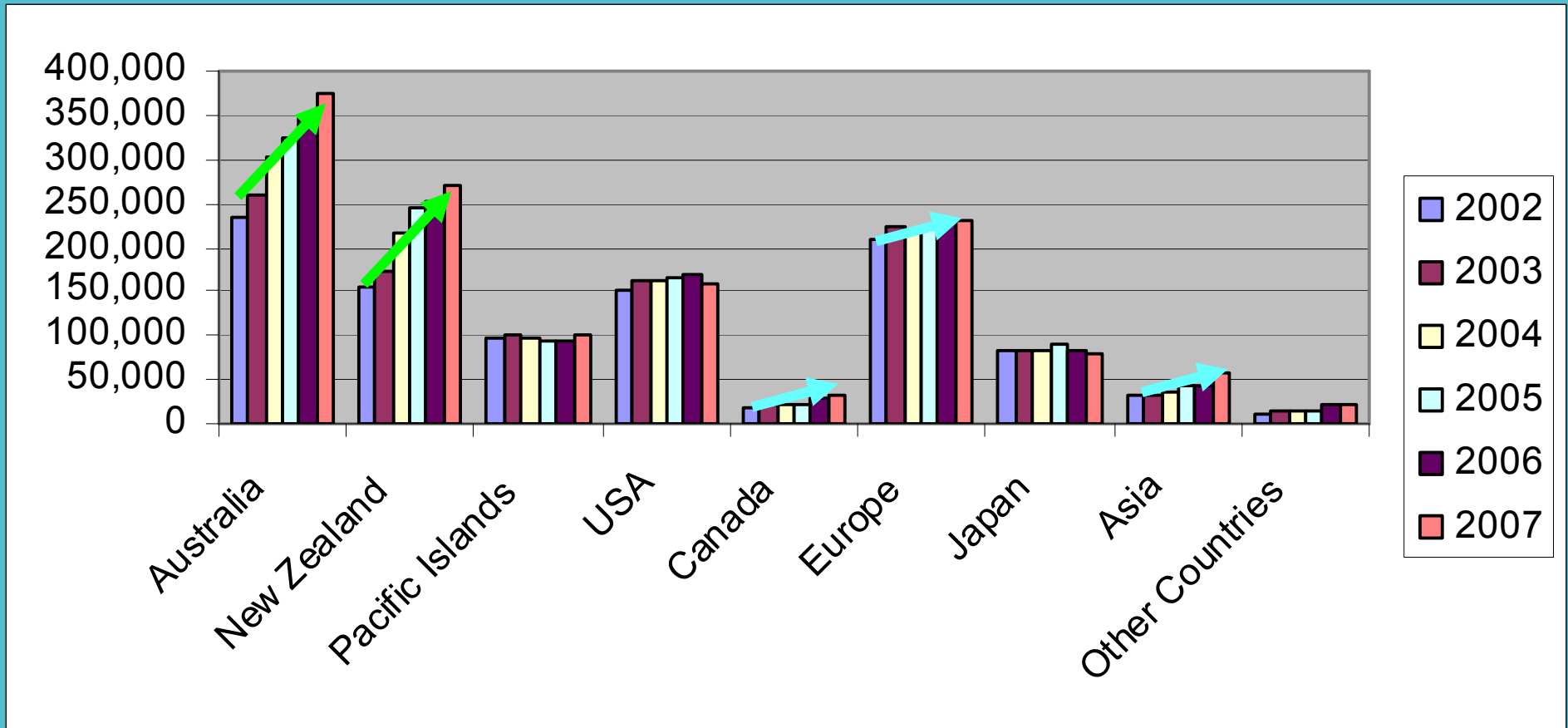


Solomons

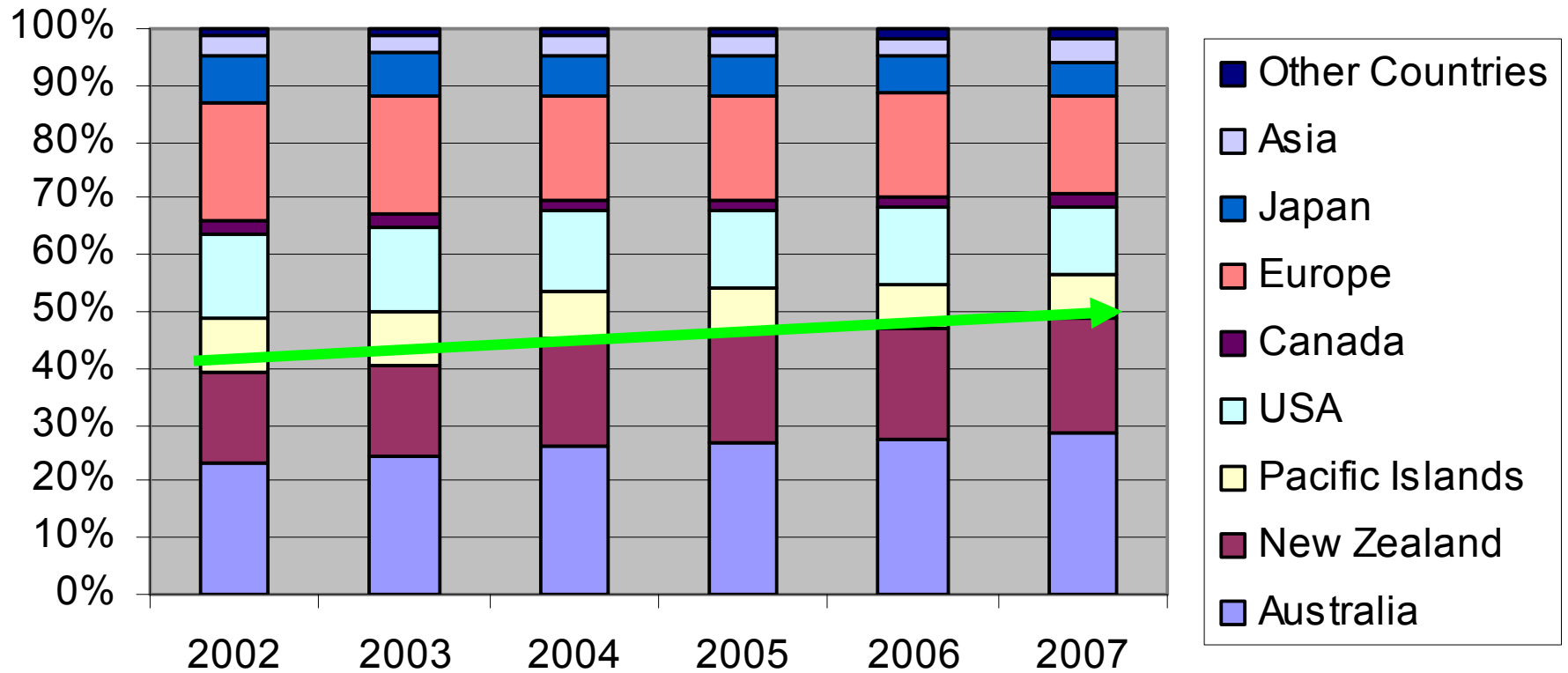


Niue

Southern Markets Standout Performers



Southern Markets Standout Performers



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“38% growth in bookings to Fiji
last fortnight”
lastminute.com Australia

“It will be tough for the industry
for the next couple of years”
Grant Lilly
Qantas CEO NZ and Pacific

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“The business people in the farm belts – those who farm soy beans, corn, and wheat - they are just the richest guys on earth right now.”

Starwood Hotels MD



Emerging Markets

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"The industry is naive if they think the traditional mainstays like the UK and the US will recover immediately. If I look to China I think growth will be quicker to return."
Ed Simms, Air New Zealand, 27 October 2008



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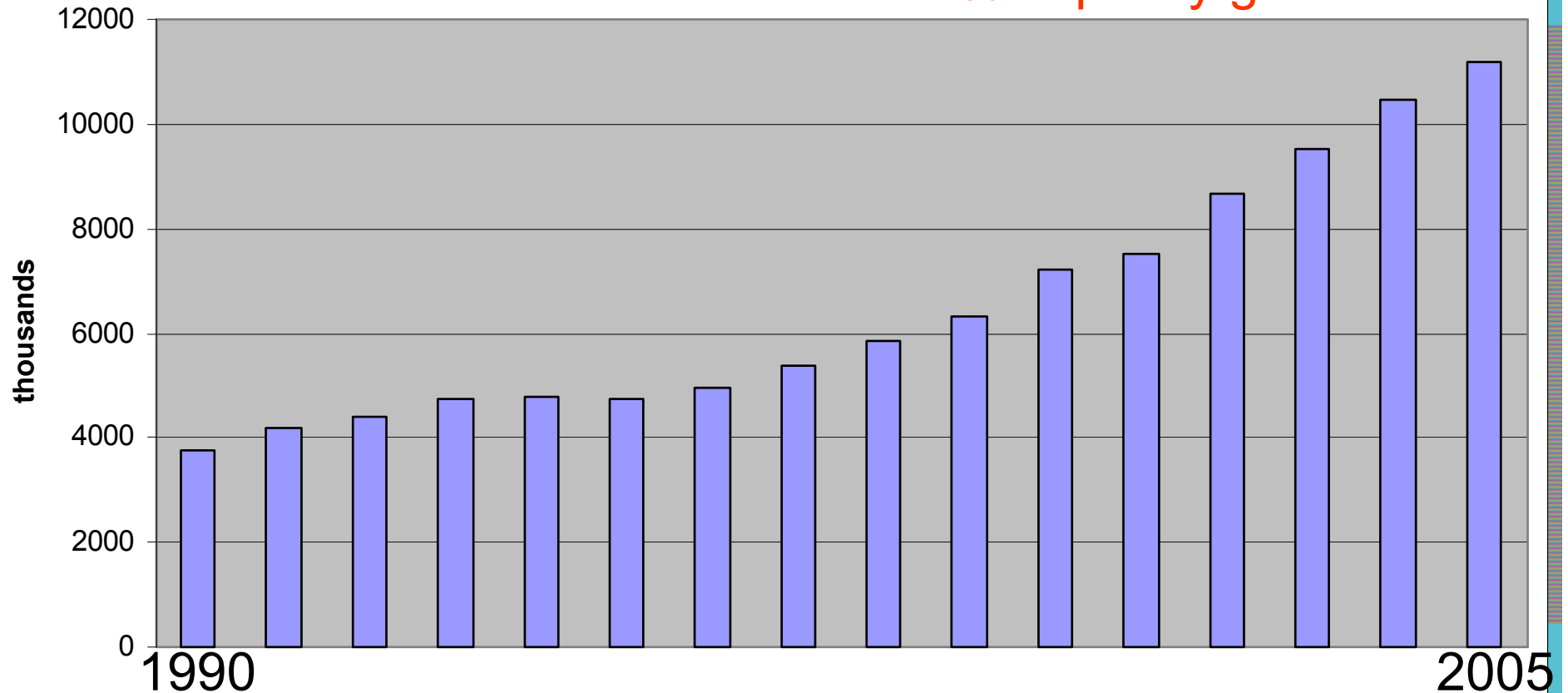
RATIONALE

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Global Cruise Passengers

CLIA 4cast

34% capacity growth 05-09



South Pacific Cruise Strategy

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Shore Excursions

Marine
Infrastructure

Marketing



WHAT'S TO BE DONE?

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“Leaders agree to reconsider their current levels of support to their tourism industries and consider increasing these levels where appropriate; prioritise development of infrastructure and transport links (e.g. roads, ports, airports, aviation and shipping) in their countries to foster sustainable tourism and encourage foreign investment in their tourism industries; and encourage development of regional and sub-regional marketing strategies and brands for major international markets.”

Forum Communique Tonga October 2007



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