

ASEAN.travel



2015

The Year in Review

EDITORIAL

2015 was a rather unusual year for ASEAN tourism as the region experienced a market slowdown in arrivals' growth.

Many factors can explain this shaky performance : China economic uncertainties; fires in Sumatra and Borneo; Russia's rouble collapse. Not to forget terrorism acts around the world, which affected the image of Indonesia and Malaysia in some Western countries and tragically hit Bangkok and Jakarta.

In a less stable environment, ASEAN countries performed rather well.

Recovery in Thailand was so strong after 2014 slump that it

surpassed all predictions. The Kingdom is now ASEAN largest inbound destination with a share of 27% of all arrivals.



In 2015, Myanmar tourism confirmed its success by welcoming 4.5 million foreign visitors, five times more than in 2010. As the country is having its first civilian government, the outgoing military-backed government can be credited of having turned tourism into a major contributor to the country's economic and social development.

The Philippines are finally reaping the benefits of a three-year marketing campaign. 'It's More Fun in the Philippines' helped to totally reshape the image of the archipelago and to let the country welcoming over 5 million visitors for the first time in its history.


Many steps have been taken in 2015 to further simplify travel to the region. Visas have been abolished by Indonesia and Vietnam or simplified in Myanmar. More aircraft ply ASEAN skies, particularly to second- and third-tier destinations, a strong asset to promote new destinations. Initiatives to create multi-country circuits are emerging while crossing land borders are increasingly easier.

ASEAN tourism product is turning increasingly diverse and sophisticated. Most countries now work to promote and develop tourism niches, including luxury travel, health and well-being tourism, cruises, community-based activities, agro-tourism and culture.

Singapore so far embraced at best the idea that culture is a valuable asset to tourism development. Heritage, architecture, traditional arts, handicraft as well as history: they are all part of the social fabric of the region, a distinctive element to ASEAN unique identity. The newly formed ASEAN Economic Community will certainly unleash creativity in the region... Welcome to 2016!



Entering the AEC



A SINGLE MARKET OF 622 MILLION CITIZENS



AN ECONOMY GENERATING US\$2.6 TRILLION IN GDP



A TRADE VOLUME REACHING US\$2.5 TRILLION



AEC Implementation & the Tourism and Travel Industry

**Visa Removal
for ASEAN Citizens^o**

**Simplified Borders
Crossing**

**Mutual Recognition of
Skilled ASEAN Labours
in Tourism**

Open Skies^o

**Boosting Pan-ASEAN Infrastructure:
ASEAN Highway Network and Rail Links**



**Common Tourism Standards and Certification
for Green Hotels, Homestay, Spas, Public
Toilets, Clean Tourism Cities and Community-
Based Tourism**

**Free flow of Capital, Investments
& Services**

**ASEAN Tourism
Common Website
and Marketing Action Plan**

- ^o 8 of 10 ASEAN countries ratified a Full Open Skies agreement
- ^o Visas have not been abolished for Myanmar/Malaysia and Myanmar/Singapore

Source: ASEAN Secretariat

ASEAN Tourism Growth remained solid in 2015

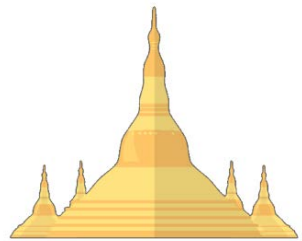
105 Million International Travellers in 2014
109 Million International Travellers in 2015[°]

+3.8%



[°] estimated numbers- Source: NTOs-
Figures calculated from 10 or 11 first months of 2015

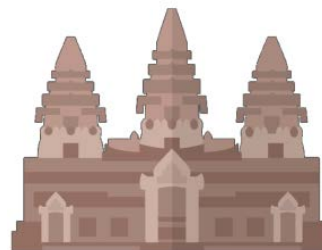
Estimated International Tourist Arrivals to ASEAN in 2015



Myanmar
4.5 mil.



Laos
4.3 mil.



Cambodia
4.75 million



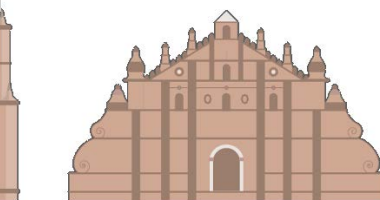
Vietnam
7.94 mil.



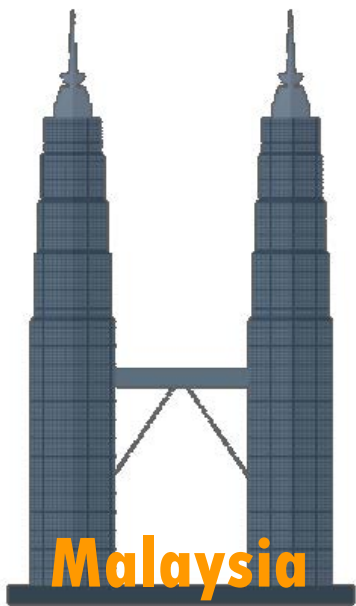
Thailand
29.6 mil.



Brunei
0.25 million



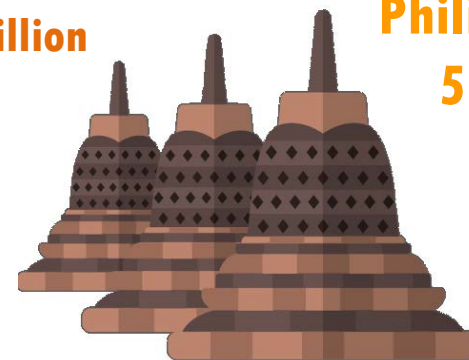
Philippines
5.1 mil.



Malaysia
27.1 mil.



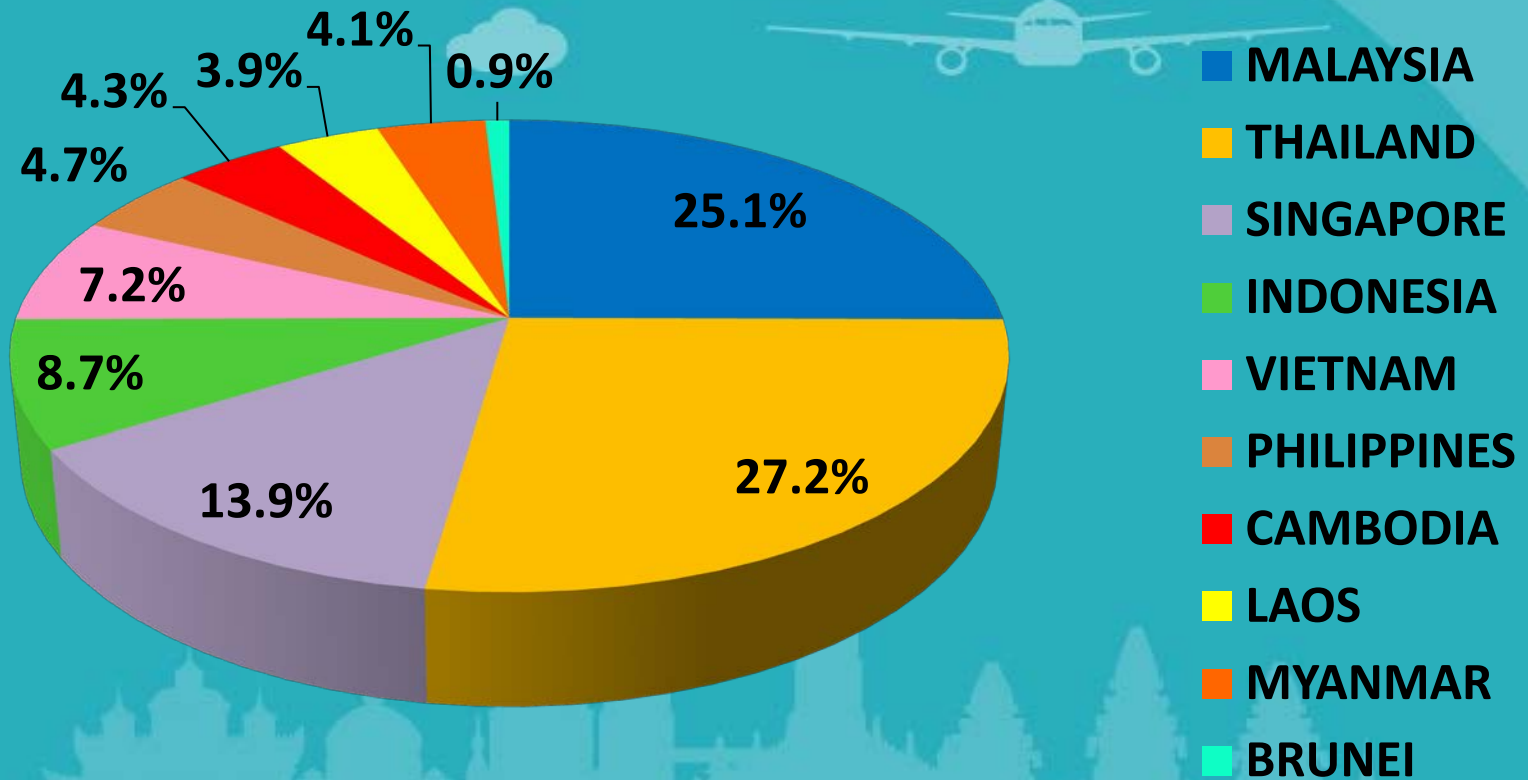
Singapore
15.1 mil.



Indonesia
9.8 mil.

(Source: NTOs)

Country Market Share in ASEAN Total International Arrivals in 2015^o



^o Estimated figures based on latest available NTOs data

(Sources: PATA- NTOs)

Thailand

ASEAN Top Destination in 2015

With political stability and the Government's commitment to tourism, Thailand arrivals grew by 19.8% compared to 2014 and by 12.1% compared to 2013...

Thailand is now ASEAN largest destination with 29.7 million tourists, representing over 27% of ASEAN total arrivals in 2015.

Marketing campaign revolve around Thainess and niche markets such as luxury tourism, health tourism, Muslim travellers and Female travellers

The Kingdom forecasts 32 million foreign travellers in 2016.

(Source: TAT)



Philippines: Reaching finally the 5-Million Foreign Tourists Mark

The Philippines welcomed 5.2 million foreign tourists, up by 10% over 2014. This evolution is due to the success of the worldwide tourism campaign 'It's More Fun in the Philippines' and the 'Visit Philippines Year 2015'.



Infrastructure development with a new airport planned in 2016 for Caticlan/Boracay and in Bohol in 2017 as well as expansion of terminal buildings in Cebu, Davao and Iloilo.

Eight destinations to be promoted in 2016: Manila, Cebu, Bohol, Boracay, Palawan, Davao, Iloilo, and Siargao Island.

Six million international visitors predicted in 2016, 10 million in 2020, according to DOT.

Singapore Confirms its Status of ASEAN Cultural Hub

In 2015, Singapore reinforced its positioning of ASEAN Cultural Capital thanks to the opening of two world-class art museums – Pinacothèque de Paris (Singapore) and the Singapore National Gallery. The latter shows the world's largest collection of art from Southeast Asia.

*3.2 million visitors in
museums and heritage
institutions in 2013*

20 million:
Total attendance to cultural events

5,486
arts and cultural companies

Total nominal
value-added of the arts
and cultural sector
US\$1.1 billion (2012)

*US\$475 million:
Government Funding
for Arts in 2013*

7,950 ART
PERFORMANCES
IN 2013



Challenging Times for Malaysia Tourism

Malaysia experienced declining tourist numbers in 2015 with less than 28 million arrivals.

Many factors contributed to the slowdown:

- Aftermath of the Malaysia Airlines tragedy with Chinese travellers sulking the destination.
- GST increase seems to have slowdown regional travel.
- MAS restructuring program has seen a dramatic reduction in overseas flights with a reduction in non-stop flights to Europe.
- Global terrorism violence indirectly took affected Malaysia image, particularly in the mind of Western travellers, who deserted the destination in 2015.
- Fires and Haze from Sumatra and Kalimantan in Indonesia further depressed tourist arrivals in October and November last year.

Implementing New Strategies for Malaysia Tourism

- Renewed Tourism Malaysia marketing campaigns towards Western travellers (Europe, Australia and North America)
- Lower Ringgit against most currencies make Malaysia a competitive destination for luxury tourism and MICE tourism.
- New air partnerships to compensate MAS reduced long-haul network. Tourism Malaysia already signed an agreement to promote Malaysia in Europe with Etihad. A similar agreement looms with Emirates following MAS/Emirates air agreement to use Dubai as a connecting hub to Malaysia.
- E-visa as been introduced for Chinese travellers with fee waiver for groups. New marketing campaign active since 3rd quarter 2015 in China.

Malaysia expects 30.5 million tourists in 2016

Multi-countries Circuits: Tourism Future for the Greater Mekong Sub-Region

The Greater Mekong Sub-region is considered as ASEAN 'Last Frontier', attracting now over **43 million** foreign travellers°. GMS assets are eco-tourism, community-based tourism and cultural tourism beside seaside activities.

GMS countries are now working to promote multi-country circuits highlighting secondary destinations and local communities. The initiative is endorsed by the Asia Development Bank and all NTOs and Ministries of Tourism

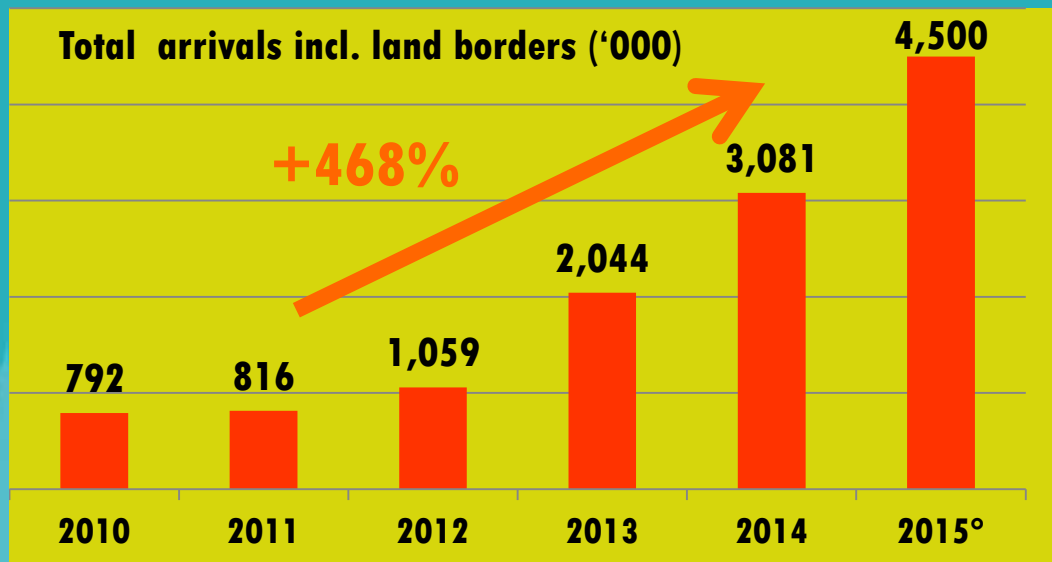
First initiatives will cover a Heritage trail along the coast of the Gulf of Siam involving Thailand, Cambodia and Vietnam. A Buddhist Trail will also cover Myanmar, Laos, Cambodia and Thailand.



The Irresistible Progression of Myanmar Tourism

Each passing year brings a new record for Myanmar tourism. Over the last five years, the stellar progression of international tourist arrivals to the country turns Myanmar into ASEAN fastest growing country for tourism

Myanmar took over Lao PDR last year with some 4.5 million international arrivals (by land and air) compared to 4.3 million for Laos. If it continues to grow at a rhythm of 15% to 20% in arrivals per annum, it should Welcome in 2016 more tourists than Cambodia or maybe the Philippines!



Weakening Demand from China...

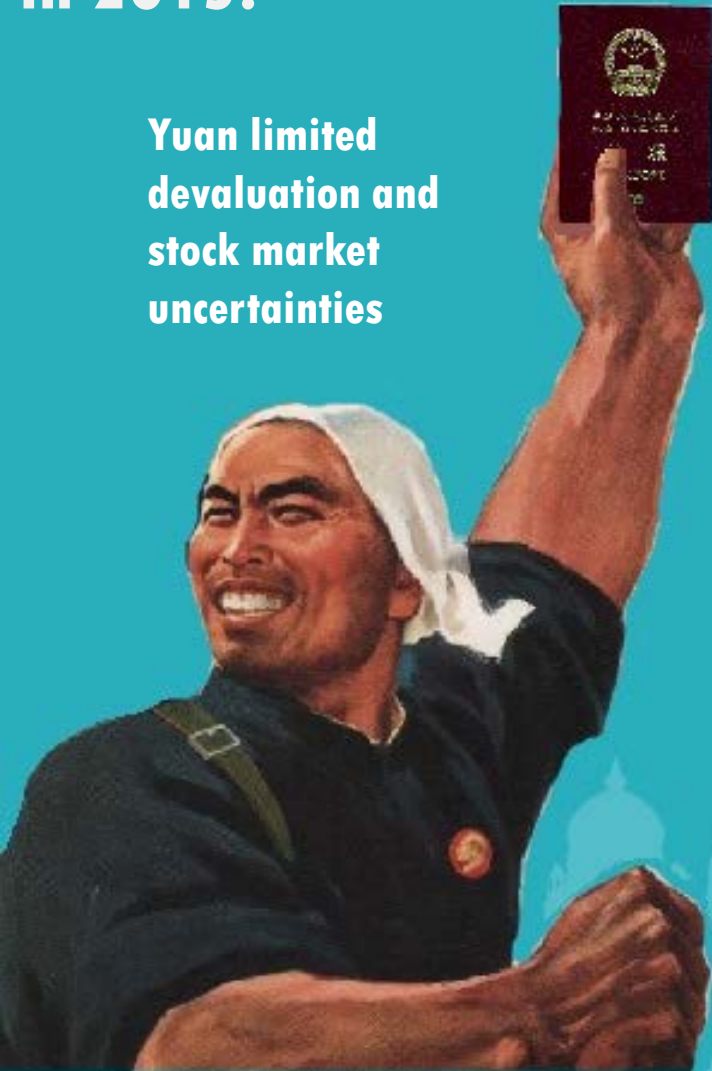
Many short-time factors affected China outbound travel to ASEAN in 2015.

Yuan limited
devaluation and
stock market
uncertainties

A boycott of Malaysia
following MAS Tragedy in 2014

Economic Slowdown

Political tensions
with the Philippines
and Vietnam



...but Recovery already Perceptible

What could drive up Chinese travel demand to ASEAN in 2016?

China Stimulus Package towards domestic consumption.



Medium-term growth potential still intact as only 3% of Chinese hold a passport.

More second- and third-tier cities to get direct ASEAN flights.

Simplified visa formalities for Chinese short-stay travellers.

ASEAN currencies likely to follow any slide in Yuan value.

Pollution problems in Chinese cities boost desire to escape to cleaner destinations.

India, Growing Travel Force for ASEAN

Indian travellers stand among ASEAN largest inbound market sources next to China, Japan and Intra ASEAN travellers. India generated 3.15 million travellers to the region in 2014.

In 2015, Indian travel showed healthy growth to most ASEAN countries – Malaysia excepted. Double-digit growth rates were recorded to Cambodia (up 27.6%), Thailand (up 15.1%), Indonesia (up 12.3%) while Singapore saw Indian arrivals jumping by 6.1% and Vietnam by approximately 5%.

Total Indian arrivals should have reached a new high of 3.5 million visitors in 2015. Visa-on-arrival have been introduced for Indian travellers to Vietnam and Indonesia last year , a major step to boost demand.



India, Growing Travel Force for ASEAN

However, the lack of air connections is ASEAN biggest hurdle to attract more Indian inbound travellers to the region.

Only five cities in ASEAN – Bangkok, Ho Chi Minh City, Kuala Lumpur, Singapore and Yangon- are today linked to 16 destinations in India (January 2016).

There is only one daily flight with a stop-over in Bangkok between Mumbai and Ho Chi Minh City while there is an obvious market for non-stop or direct flights from India to at least Jakarta and Bali in Indonesia, Manila in the Philippines, Phuket in Thailand and Siem Reap in Cambodia.

Garuda Indonesia and Vietnam Airlines plan to launch flights to India during 2016.



Terrorist Acts Cast a Shadow on Some ASEAN Destinations for Europeans

European markets generally showed growth or stagnated to ASEAN in 2015 -Thailand excepted- due to:

- Reduction in total European flights with the cancellation of direct frequencies to Indonesia and Malaysia.
- Worsening image for destinations with a large Muslim population (Indonesia and Malaysia were indirectly affected).
- Europe is due to resume growth in 2016 thanks to possible new flights to Indonesia and the Philippines, free visa-on-arrival in Indonesia and Vietnam as well as an accelerating economic recovery on the European continent.

**Over 12 million Europeans visited
Southeast Asia in 2015**



Russian Outbound in Doldrums

The decline in Russian travellers to ASEAN destinations is due to Russia's economic crisis and the Russian Ruble collapse in 2015. The Ruble value dropped by 28% to the dollar and between 12% and 20% to ASEAN currencies. A mild market recovery is expected in 2016.

Malaysia
-11%
(Jan-Sept)

Vietnam
-7.1%
(Jan-Dec)

Indonesia
-29.8%
(Jan-Nov)

Singapore
-30.4%
(Jan-Oct)

Thailand
-41.9%
(Jan-Nov)

Cambodia
-52.7%
(Jan-Oct.)

(Source: NTOs)

Weakening Australian Dollar affects Aussies' Outbound Travel to ASEAN

All major destinations in ASEAN saw a decline in Australian outbound due to multiple factors:

- Weakening of the A\$, down by 22% to the US\$.
- Fear factor following global terrorist acts.
- Tensions with Indonesia with destination switch from Bali to Thailand and the Philippines
- Reduction in air capacity to Southeast Asia. However Qantas is adding new flights from 1Q.2016.



Malaysia
-16.1%

Indonesia
-5.5%
Jan.-Nov.

Vietnam
-5.4%
Jan.-Dec.

Singapore
-4.2%
Jan.-Oct.

Cambodia
-0.8%
Jan.-Oct.

Thailand
+0.9%
Jan.-Nov.

A Positive Development for ASEAN Tourism

Simplified visa formalities for travellers

2015 was marked by the introduction of more flexible rules for visa for foreign travellers.



E- Tourist visa is now granted to citizens from 100 countries and territories visiting Myanmar.



- 30-day Tourist visa to Indonesia is provided free of charge at port of entry for citizens of 90 countries and territories.



Vietnam allows nationals of 23 countries to enter Vietnam without a visa. Last year it added Belarus, France, Germany, Italy, Spain and the UK. All Europeans as well as Brunei and Myanmar citizens have a free visa valid for 14 days.



A Positive Development for ASEAN Tourism

Favourable Exchange Rates to the US Dollar in 2015

Most ASEAN currencies experienced a drop in exchange rate to the US dollar. The decline in value balanced a VAT hike in Malaysia and increased transport costs in Indonesia and Thailand.

The drop in ASEAN national currencies helped to mitigate the decline in value from other currencies such as the Australian Dollar, the Euro, the Japanese Yen or the Chinese Yuan.

PHP

-4.1%

VND

-5%

SGD

-7.5%

THB

-9.9%

IDR

-10.8%

MYR

-21.8%



Exchange rate evolution to the US\$
calculated from each currency value on
5/01/16 versus 6/01/15- Xe.com

A Positive Development for ASEAN Tourism

Low-cost carriers continue to boost air connectivity to second-tier and third-tier destinations. Examples of routes opened between Winter Timetable 2014/15 and Winter Timetable 2015/16

PATTAYA

Kuala Lumpur, Macau, Nanchang, Nanning, Singapore, Chiang Mai, Hat Yai, Ubon Ratchatani

HO CHI MINH CITY

Johor Bahru, Penang

JOHOR BAHRU

Bangkok, Ho Chi Minh City, Lombok, Medan, Yogyakarta

CEBU

Dubai, K.Kinabalu, Los Angeles, Taipei

KUALA LUMPUR

Changsha, Chongqing, Goa, Pattaya, Pontianak, Sanya, Sapporo, Visakhapatnam

SURAT THANI

Chengdu, Wuhan

KOTA KINABALU

Cebu, Jakarta

BANGKOK

Buriram, Johor Bahru, Roi Et, Sapporo, Surabaya

PHUKET

Kunming
Wuhan

MANILA

Jeddah/Kuwait,
Guam

PENANG

Sanya, Yangon

LANGKAWI

Guangzhou,
Kota Bharu

SINGAPORE

Davao, Guiyang, Ipoh, Lucknow, Quanzhou, Sihanoukville^o



(Source: Airlines)

^oregular charter flights

ASEAN Most Serious Issue: Dealing with Haze and Fires in the Region

Heavy smog appeared as vast areas of forests with precious fauna and flora species destroyed: fires in Kalimantan and Sumatra jungles in 2015 were among the worst in two decades, lasting from June to the end of October.

Haze translated into a decline in travel in the third quarter due to the closure of airports, roads and ports. Indonesia missed its 2015 target of 10 million international travellers while many sport events were cancelled in Singapore and Malaysia.

ASEAN will reinforce controls over the region through the ASEAN Agreement on Trans-boundary Haze Pollution, which includes sharing and resources to fight fires and implementing the ASEAN Peatland Management Strategy. On October 29, Ministers of Environment signed the roadmap for a haze-free ASEAN by 2020.



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