

Indonesia Investments

Tourism Sector Indonesia

- Tourism Sector of Indonesia Was Badly Affected by the COVID-19 Crisis
- Foreign Visitor Arrivals Start to Recover But Remain far from Normal Levels
- New Challenges for Tourism and Airlines Are High Jet Fuel Prices and Looming Economic Recessions in the West
- Taking a Look at Bali – a Local Economy That Is Highly Dependent on Tourism
- Gov't to Develop Special Economic Zone for Health Tourism in Sanur (Bali)



14 OCTOBER 2022

Van Der Schaar Investments B.V.
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Update – 14 October 2022

‘Tourism Sector of Indonesia; Long Road Ahead to Reach Full Recovery’



Preface

In addition to our reports, Indonesia Investments sends updates on key economic, political or social developments to our subscribers to make sure that our subscribers do not miss out on vital information. Topics in these updates will often be discussed in more detail (and in an updated form) in forthcoming monthly reports.

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- Tourism -

Tourism Sector of Indonesia; Long Road Ahead to Reach Full Recovery

Tourism is a vital part of the Indonesian economy. We can illustrate this by taking a look at Indonesia's biggest foreign exchange earners (referring to those sectors that attract most foreign currency). Between the years 2010 and 2015 the tourism sector ranked fourth or fifth in terms of the biggest sources of foreign exchange earnings. In those years it were (1) oil and gas, (2) coal, (3) palm oil, (4) processed rubber – which are all natural resources – and (5) tourism that brought most foreign currency (mostly US dollars) into Southeast Asia's largest economy (and starting from 2013 tourism would surpass processed rubber, hence taking fourth position).

By 2018 the tourism sector had turned into the second-biggest foreign exchange earner (after palm oil) for the Indonesian economy, collecting USD \$19.29 billion according to information from Indonesia's Tourism and Creative Economy Ministry. Unfortunately, the rise of tourism stopped there as 2018 was the last year in which Indonesia did not feel the impact of the COVID-19 crisis (because in the last quarter of 2019 the pandemic started in China causing a decline in foreign tourist arrivals from China).

Another way to see the growing importance of the tourism sector toward the overall economy is by taking a look at its contribution to Indonesia's gross domestic product (GDP). The table below shows that the tourism sector accounted for 4.1 percent of GDP in 2017 but saw its role expanding to 4.7 percent in 2019. After 2019, however, we see a significant decline in the tourism sector's contribution to GDP. This makes perfect sense given the unprecedented drop in foreign visitor arrivals amid massive social and business restrictions as well as alarming news reports in the mainstream media (making people too afraid to travel).

[...]

This is part of the introduction. The full text is available in our October 2022 report (an electronic report; PDF in English). This report can be ordered/bought by sending an email to info@indonesia-investments.com or a message to +62.882.9875.1125 (including WhatsApp).