UNLOCKING THE ECONOMIC POTENTIAL OF TOURISM INDUSTRY POST COVID -19 IN INDONESIA

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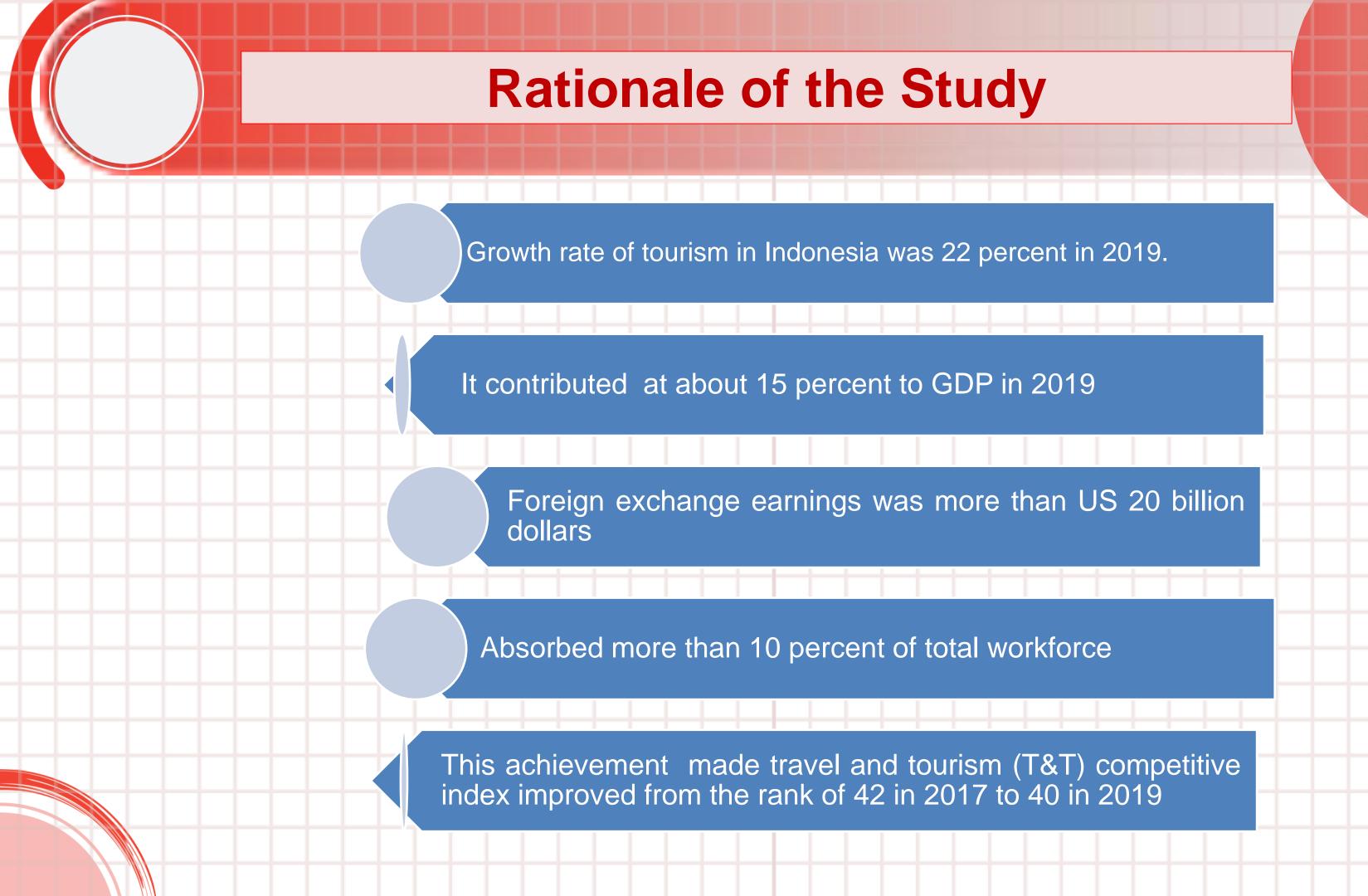
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Outline of Presentation Rationale of the Study Data Sources & Methods Linkage Analysis **Simulation Analysis** Factors Determining Effectiveness of Policies and **Programs Policy Options**



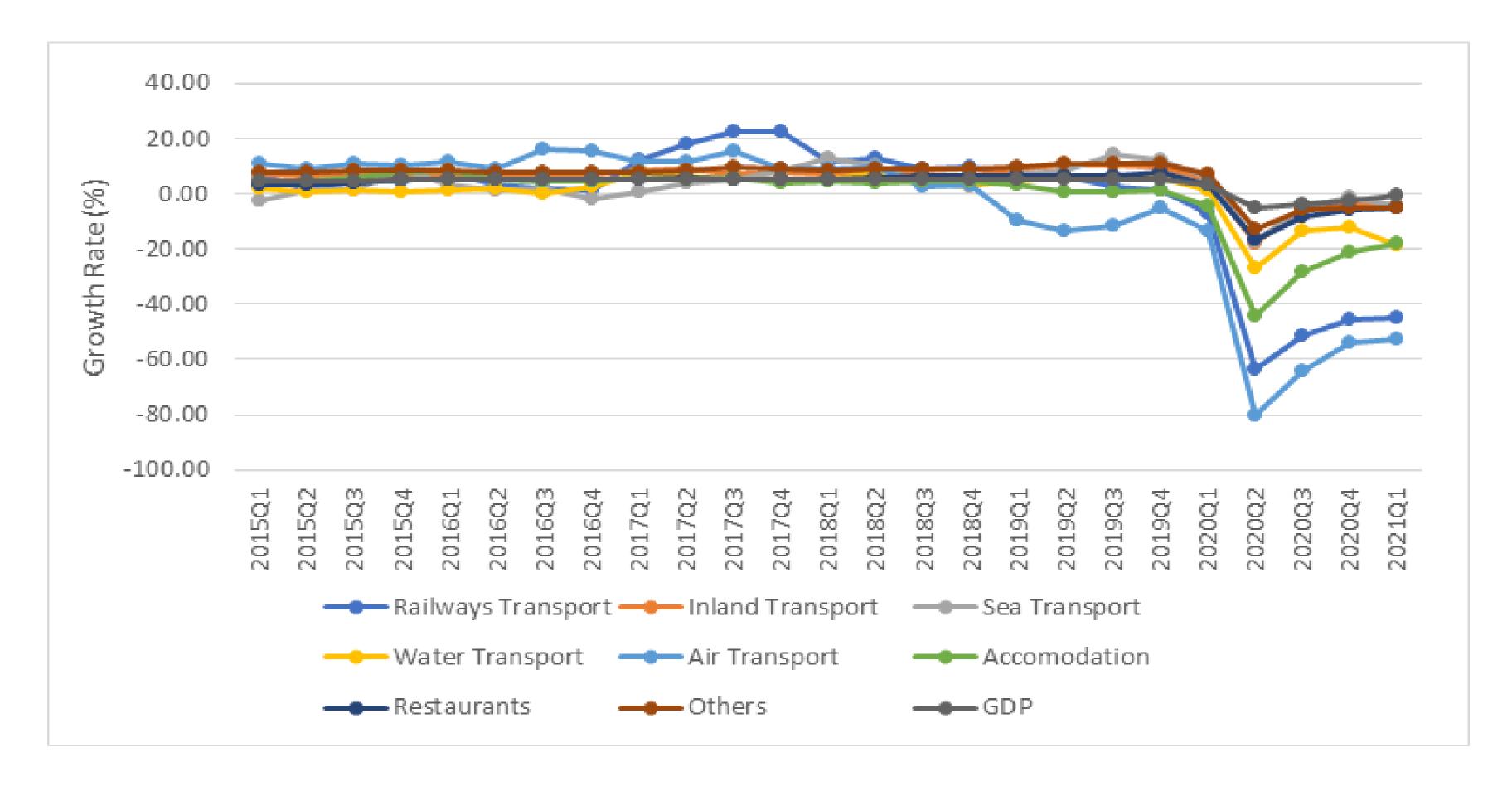


it was estimated that about 10 946 tourism establishments have been impacted and more than 30 421 workers of this establishment lost their jobs.

The Indonesian Association of Hotels and Restaurants (2020) estimated the economic loss of this industry at about IDR 85.3 trillion or 6 Billion US\$.

Stiudies on the impact of Covid-19: Purba et al. (2021), Atmojo and Fridayani (2021), and Mangeswuri (2021) among others confirmed that the tourism sector became the most affected one because of the COVID-19

Figure 1. Growth Rate of Services activities related Tourism, 2015-2021 (percent)



Data Sources and Methods

Two primary sources of data

First, the 2008 and 2018 multiregional input-output (MRIO) database from Asian Development Bank

This data was used to estimate the backward and forward industrial linkages of the tourism industry domestically and internationally.

Also, to estimate the intermediate input used in tourism industries and tourism industries as an intermediate input used in other sectors.

Second, the latest national input-output 2016 table released by the Statistics of Indonesia (BPS) in 2021

This was used to estimate and simulate the negative impact of COVID-19 on the tourism industry and non-tourism industries

Results: Linkage Analysis

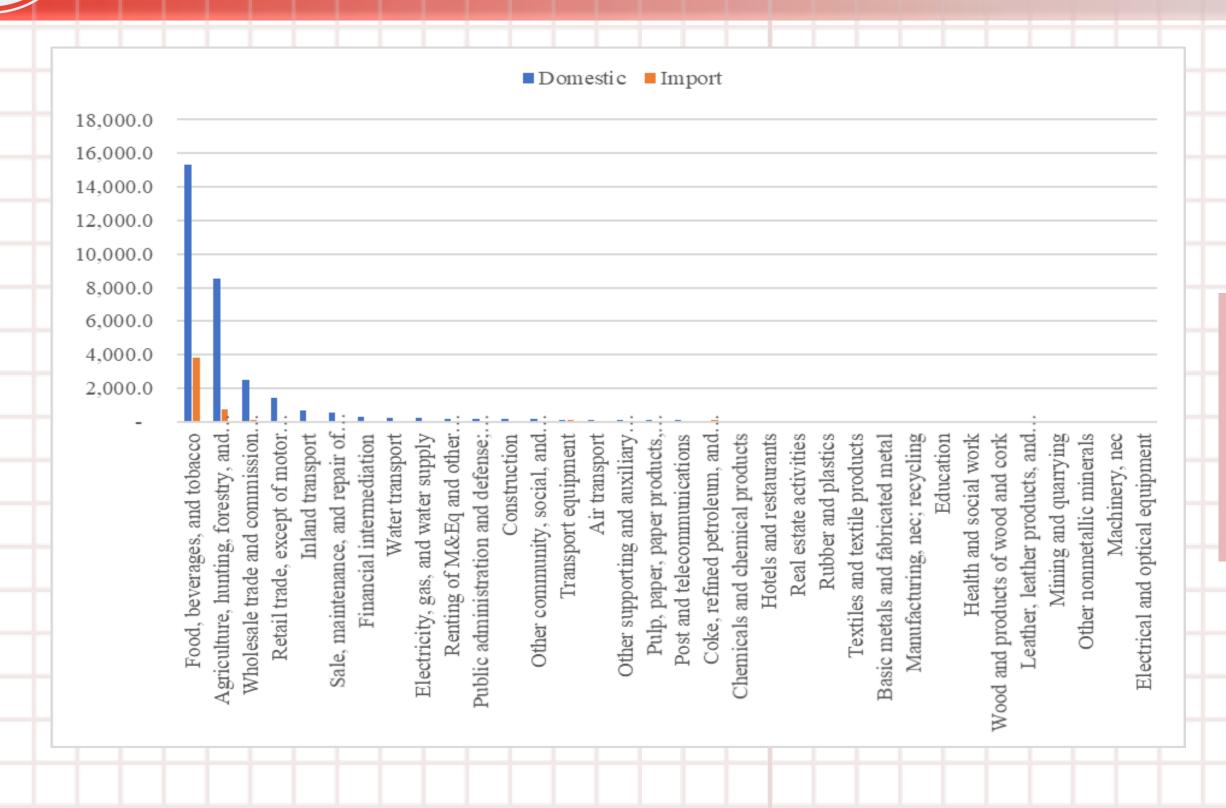


Figure 2.

The input used in Hotel and Restaurants in 2018 (millions US\$)

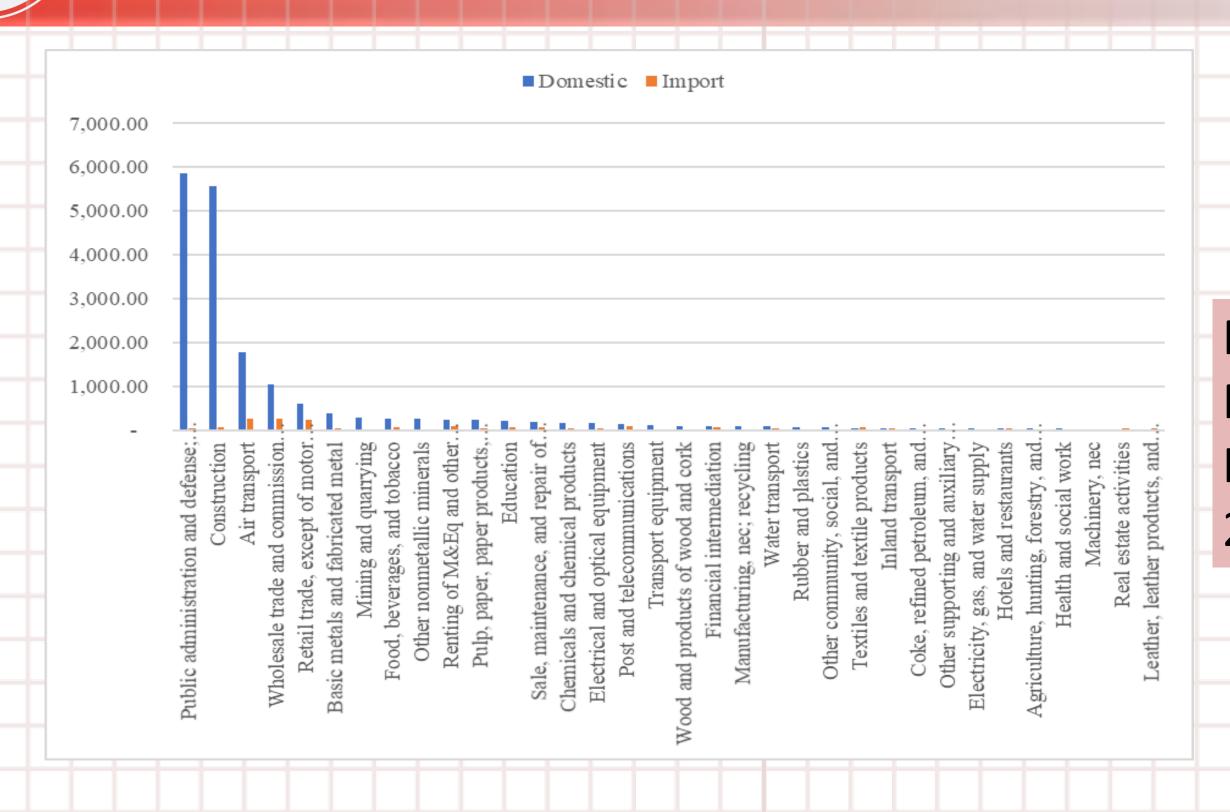


Figure 3. Hotel and Restaurant as Intermediate Input in 2018 (millions US\$)

Service Sectors	2008		2018	
Service Sectors	BL	FL	BL	FL
Electricity, gas, and water supply	1.50	1.58	1.24	1.51
Construction	1.14	0.95	1.20	1.31
Sale, maintenance, and repair of motor vehicles and motorcycles; retail sale of fuel	1.05	1.01	0.77	0.95
Wholesale trade and commission trade, except of motor vehicles and motorcycles	0.95	1.32	0.80	1.85
Retail trade, except of motor vehicles and motorcycles; repair of household goods	0.94	1.03	0.80	1.32
Hotels and restaurants	1.21	0.84	1.00	0.79
Inland transport	1.16	0.89	0.95	1.08
Water transport	1.33	0.76	1.06	0.76
Air transport	1.30	0.68	1.07	0.84
Other supporting and auxiliary transport activities; activities of travel agencies	1.07	0.77	0.94	0.86
Post and telecommunications	0.99	0.97	0.80	0.97
Financial intermediation	0.90	1.24	0.77	1.35
Real estate activities	0.94	0.82	0.71	0.64
Renting of M &Eq and other business activities	1.05	0.98	0.91	1.16
Public administration and defense; compulsory social security	1.02	0.77	0.94	0.67
Education	1.06	0.69	0.85	0.60
Health and social work	1.17	0.71	1.05	0.64
Other community, social, and personal services	1.07	0.94	1.02	1.08

Table 1.
Domestic Backward and
Forward Linkage Index

Samina Santana	2008		2018	
Service Sectors		FL	BL	FL
Electricity, gas, and water supply	1.09	0.18	2.83	0.21
Construction	13.01	0.16	5.13	0.24
Sale, maintenance, and repair of motor vehicles and motorcycles; retail sale of fuel		0.09	5.92	0.10
Wholesale trade and commission trade, except of motor vehicles and motorcycles		0.58	0.48	0.90
Retail trade, except of motor vehicles and motorcycles; repair of household goods		0.21	0.93	0.29
Hotels and restaurants	0.24	0.67	0.48	0.47
Inland transport	0.57	0.31	0.75	0.31
Water transport	0.39	0.20	1.29	0.19
Air transport	0.17	0.38	0.78	0.39
Other supporting and auxiliary transport activities; activities of travel agencies	0.22	0.18	0.49	0.21
Post and telecommunications	0.50	0.20	1.14	0.28
Financial intermediation	0.39	0.28	0.75	0.36
Real estate activities	1.52	0.25	1.43	0.14
Renting of M & Eq and other business activities	0.21	0.51	0.32	0.75
Public administration and defense; compulsory social security	1.40	0.16	0.35	0.22
Education	4.06	0.12	4.42	0.18
Health and social work	0.58	0.13	1.10	0.24
Other community, social, and personal services	0.26	0.25	0.23	0.22

Table 2
International Backward
and Forward Linkage
Index

Sectors	Backward Linkage Index	Forward Linkage Index	
Knitted Items	1.18	0.73	
Leather Goods	1.07	0.66	
Footwear	1.09	0.67	
Other Items of Wood, Cork, Bamboo and Rattan	1.06	0.66	
Printed goods	1.27	0.78	
Cosmetics	1.09	0.68	
Clay, ceramic and porcelain articles	1.15	0.71	
Musical Instruments	1.14	0.70	
Other processing industry products	0.99	0.61	
Residential and non-residential buildings	1.15	0.71	
Electrical, Gas, Drinking Water and Communications Buildings & Installations	1.07	0.66	
Agricultural Infrastructure	1.14	0.71	
Road, Bridge and Harbor	1.14	0.70	
Trade other than Cars and Motorcycles	0.88	0.54	
Rail Transport Services	1.13	0.70	
Land Transportation Services Other Than Rail Transport	1.04	0.64	
Sea Freight Services	1.17	0.72	
River Lake and Ferry Transport Services	1.13	0.70	
Air Freight Services	1.11	0.69	
Transportation Support Services	1.01	0.62	
Accommodation Services	0.96	0.60	
Food and Drink Services	1.15	0.71	
Telecommunication Services	0.91	0.56	
Other Financial Institution Services	0.91	0.56	
Real Estate Services	0.84	0.52	
Professional, Scientific and Technical Services	1.05	0.65	
Rental Services and Business Support Services	0.98	0.60	
Arts, Entertainment and Recreation Services	1.06	0.65	
Other Services	1.01	0.62	

Table 3. Linkage across
Sectors related Tourism
Industry using Indonesian
Input Output Table

Results: Simulation Analysis

Potential Loss	Lower Bound	Higher Bound
A.Output		
Tourism Sectors	(519,370,534.88)	(1,558,111,604.65)
Non-Tourism Sectors	(235,987,501.48)	(707,962,504.45)
Total Loss	(755,358,036.37)	(2,266,074,109.10)
% of GDP	(6.21)	(18.62)
B. Value-Added		
Tourism Sectors	(253,473,270.87)	(760,419,812.61)
Non-Tourism Sectors	(123,943,978.97)	(371,831,936.91)
Total Loss	(377,417,249.84)	(1,132,251,749.51)
% of GDP	(3.10)	(9.30)
C. Labor Compensation		
Tourism Sectors	(102,508,078.18)	(307,524,234.55)
Non-Tourism Sectors	(43,626,603.15)	(130,879,809.46)
Total Loss	(146,134,681.33)	(438,404,044.00)
% of GDP	(1.20)	(3.60)

Table 4
Potential Loss due to COVID-19
Pandemic (IDR Million)

Results: Determinant Factors of the effectiveness of policy and programs to optimize the economic potential of the tourism industry

- 1) Attract business actors to invest
- 2) A conducive investment climate, market access, the availability of production inputs
- 3) The policy implementation: management plan; the availability of management agencies, the quality of human resources, leadership and its commitment, synergy of the governments at the central and local level, local administration organization capacity, and the available data associated with the number of foreign and domestic tourists
- 4) The importance of the involvement of the local community in optimizing the tourism resource to create employment opportunities, especially for the young generation.
- 5) Marketing and promotion, the establishment of the Regional Tourism Office, issuing conducive regional tourism regulations, and establishing the Regional Tourism Development Master Plan

Policy options to unlock the economic potential of the tourism industry post-Covid-19

On the supply side :

Meeting the covid-19 health protocols, and vaccination and other health safety programs;

Rebuilding eight tourism-related activities;

Saving the employers and the employees of the small tourism industry and its derivative business activities;

Maintaining the availability of intermediate domestic inputs used in accommodation and restaurant services

Assisting other tourism-related sectors to be able to sustain their products and their business activities.

The role of business actors, investment, and policy and program implementation and their indicators need also to be given serious concern by both the central and the local governments in Indonesia to make the effectiveness of policy and programs to optimize the economic potential of the tourism industry.

On the demand side:

The government and the tourism industry need to innovate relevant marketing promotion and regulations policies and programs including health and administrative regulations, pricing policies, acceleration of digital marketing, and other aspects of attractions, accessibility, and amenities of the tourism industry.

The completion of infrastructural development of 10 tourism destinations outside Bali has a great potential to meet the demand of domestic and foreign tourists to visit Indonesia.

Thank You

