

Creating Sustainable Tourism Practices Post COVID-19 Era: Learnings from the Kingdom of Bhutan

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Abstract

With the belief that tourism can help promote a deeper understanding among people and strengthen ties of friendship based on a greater appreciation and respect for different cultures and lifestyles, Bhutan has adopted a cautious approach of promoting 'High Value – Low Volume' tourism which aligns with the nation's tenets of Gross National Happiness (GNH). This policy brief discussed Bhutan's tourism industry, evolution of policies, recent trends and post-COVID measures in regaining momentum in the tourism sector. The brief further highlighted specific recommendations and learnings for countries in the neighbourhood, with special focus to the Northeastern states of India.

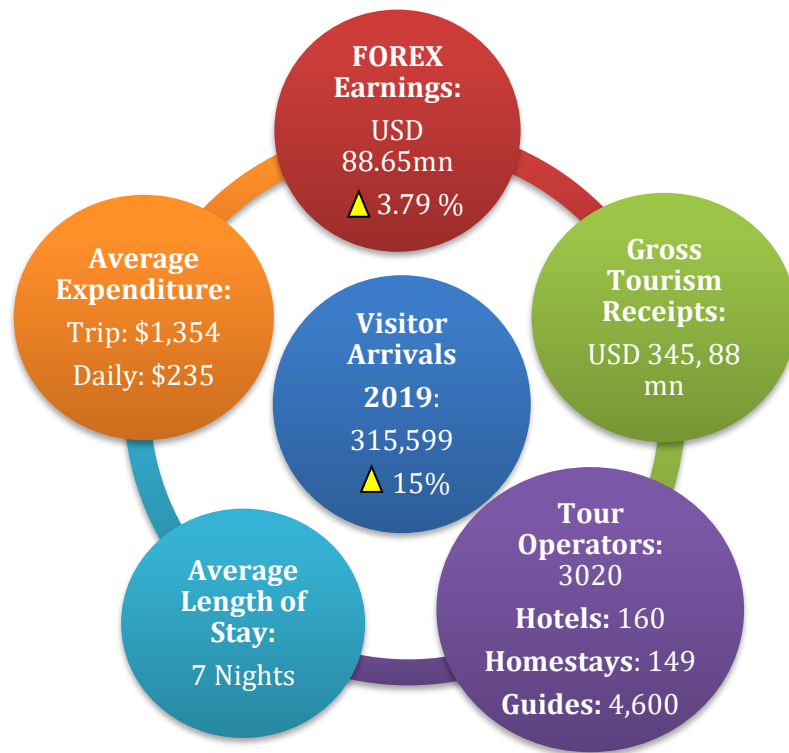


Creating Sustainable Tourism Practices Post COVID-19 Era: Learnings from the Kingdom of Bhutan¹

Background & Context:

The Kingdom of Bhutan, tucked between India and China, has soared in popularity among tourists from all across the globe. Bhutan has continued to be recognized in the international community as an environmentally sustainable destination for tourism with increasing tourist footprints ever since. In fact, the country has been presented the prestigious Green Destinations Gold Award by the Internationale Tourismus-Börse (ITB), Berlin, Germany in March 2019². Moreover, the world has widely acknowledged Bhutan's undisputed effort in the preservation of its rich culture and tradition, sound and pristine environment and more definitely the social wellbeing of their citizens and in-bound tourists.

It is quite evident from the recent reports of *Bhutan Tourism Monitor 2019*³ that tourism industry in Bhutan has continued to grow in 2019-2020 (pre-COVID times), contributing significantly to the country's socio-economic development through revenue and foreign currency generation and employment creation. The year 2019 saw a total of



Source: Bhutan Tourism Monitor 2019

315,599 foreign individuals visiting Bhutan with a 15.14% increase in the tourist growth

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² www.itb-berlin.com

³ A publication of the Tourism Council of Bhutan

percentage as compared to 2018. Major footprints are recorded for those who are visiting for leisure and holidays. A total of 72,199 individuals visited from Minimum Daily Package Rate (MDPR) paying countries and 243,400 from non- MDPR paying countries which includes India. The industry generated a total gross receipt of USD 88.63 million from the MDPR paying arrivals with an increase in 3.77 percentage revenue generation as compared to 2018.

With the belief that tourism can help promote a deeper understanding among people and strengthen ties of friendship based on a greater appreciation and respect for different cultures and lifestyles, Bhutan has adopted a cautious approach of promoting **'High Value – Low Volume'** tourism which aligns with the nation's tenets of Gross National Happiness (GNH).

Evolution of Tourism Policies in Bhutan: A comparative Analysis

The Tourism Rules and Regulations, 2017 mention a Minimum Daily Package Rate (MDPR) of USD \$250 for peak season and USD 200 for other seasons for international tourists, as fixed by the Tourism Council of Bhutan(Annexure C), which includes 3 Star accommodation, meals, English speaking guide, Ground transportation and a Sustainable Development Fee of USD \$65⁴. The policy also mentions that it is the Duty of the Tour Operators to keep tourists informed about the consolidated SDF for the entire period of stay(Clause 3.1.3).There are exemptions of SDF for people visiting the Kingdom for Familiarization visits(Clause 5.1.1),and on Official Meetings and Conference (Clause 6.1.1 and 6.2). The Annexure C of the Tourism Rules and Regulations, 2017 mention details regarding the Minimum Daily Package and applicable waivers on the SDF.

The Parliament of Bhutan further enacted the Tourism Levy Exemption Act of 2018, which came into contention on January 8, 2018. The Act ensured that there would be an exemption of the SDF levied on tourists, referred to as *'International Leisure Tourists'*, who would visit the Eastern Circuit of Bhutan, which includes Lhuentse, Mongar, Trashigang, Trashy Yangtse, Pemagatshel, and SamdrupJongkhar Dzongkhags. The Tourism Levy of \$65 USD per night holds otherwise. The move significantly aims to attract tourists in the less frequented Eastern region. Moreover, the Act clearly demarcates tourist from India, Bangladesh and Maldives, constituting around 70 percent of the total tourist footprints in Bhutan as on 2016,⁵ in the category of *'Regional Leisure Tourists'* who are exempted from the payment of the Tourism Levy of USD \$65/day.

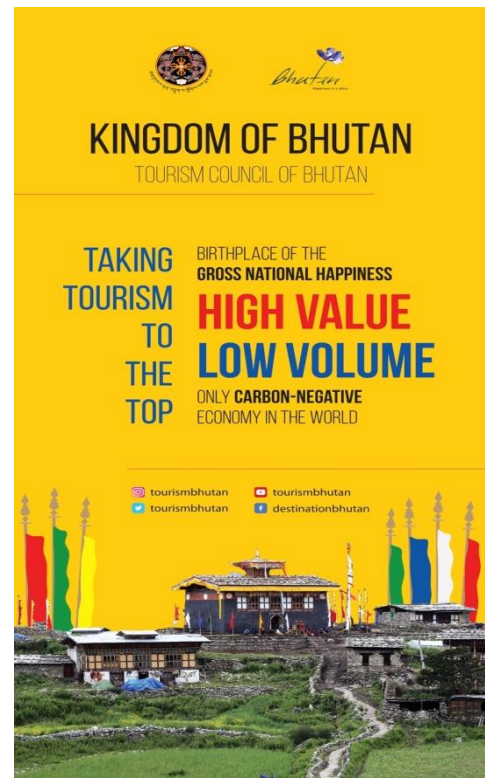
⁴ Sustainable Development Fee (SDF) is a humble contribution of Bhutan's Tourism sector towards the Bhutanese Government in providing and facilitating free health and education services for all.

⁵ Calculations with Sourced Data from Wikipedia

The Third Session of the Third Parliament of Bhutan deliberated and endorsed *The Tourism Levy Act, 2020*, earlier this year in order to introduce a Tourism Levy (re: SDF) of Nu. 1200 per night for the Regional Leisure Tourists of India, Bangladesh and Maldives. International Tourist' charges of USD \$65 per night is kept intact. However, individuals travelling for business, construction work and employment do not fall under this category. As per many experts, this proposed move by the Bhutanese government to remove free entry for regional visitors could stem the tide of mass tourism that has found its way into the Buddhist nation in recent years.

Rationale behind Mainstreaming Tourism Systems: Key Highlights

- The Kingdom holds the vision of promoting Bhutan as an exclusive travel destination based on the Gross National Happiness (GNH) values; '*Good Governance*' being one of its major pillars. Waiving the SDF for Regional Tourists was perceived to be discriminatory in this regard. Moreover, the SDF of Nu. 1200 per day for regional tourists (25 percent of USD \$65) would help the country provide guaranteed equivalent services in comparison to the international tourists visiting Bhutan. It is also noteworthy that, Children between 6-15 years will receive a 50 percent discount on the SDF charged and children below 5 yrs are exempted from SDF.
- Over the recent years, unprecedented growth in the number of tourist arrivals in Bhutan has put immense pressure on Bhutan's limited infrastructure and carrying capacity. At the same time, tourists experienced long delays at the ports of entry, poor services, deceptive practices by intermediaries and increased threats to their safety on roads for lack of proper regulations, which posits a real threat to the '*High Value - Low Volume*' Policy. Moreover, the Government has recently shown concerns about an increase in the number of unfortunate road accidents as a result of increased footprints.
- Given the importance of the tourism industry in Bhutan, the priority is to ensure sustainability and plan for long-term, while providing exclusive experiences to the visitors to ensure a greater possibility of re-visits.
- Although there are growing concerns from the Indian tour operators, especially from West Bengal, about SDF possibly impacting the heavy rush during the Durga Puja



season, the Ministry of External Affairs, Government of India, has termed the fee 'nominal'. Moreover, Bhutan's Foreign Minister Dasho Tandi Dorji is understood to have discussed the proposal 'in general, without specifics' with the External Affairs Minister Mr. S. Jaishankar, during his recent visit to New Delhi in November 2019.

- The Tourism Council of Bhutan has been instrumental in conducting a series of seminars/web based activities in collaboration with Asian Confluence⁶ in sharing experiences on Sustainable Tourism Practices of Bhutan and Northeast India. The series further intends to educate journalists, tourism professionals and tour operators of the region in promoting ways of sustainable measures in the sector.

Shifts in the Post COVID-19 era:

Bhutan has experienced only seven positive coronavirus patients so far, most of them tourists; and the impact of pandemic has not been severe in the country. In an exclusive interview on the AsCon Expert Speak (an Online Webseries Initiative by the Asian Confluence), Dasho Dorji Dhradhul, Director General, Tourism Council of Bhutan⁷, explained the benefits of adhering to the policy and vision of 'High Value – Low Volume', which resonates alongside the worldwide notion of physical and social distancing. Tourism, being the second largest contributor behind Bhutan's GDP, cannot remain closed for long and hence the sector needs a quick revival strategy given the long-lasting consequences of the pandemic and the economic stagnation caused by it.

Some of the key strategies highlighted in this context follow:

- Decisions taken by the Royal Government in providing financial support to the heavily impacted tourism workers/small and medium business entities through "His Majesty's Relief Scheme" and deferment of loan payments for a period of three months (March-April-May 2020) have helped so far. The Kingdom will reopen itself soon for both domestic as well as international tourists with suitable safety measures and precautions to stimulate the industry up and running.
- Since the norms of physical distancing have to remain in place for a considerable period of time, post pandemic, the industry would mainly focus on attracting domestic tourists, individually or in small groups.
- The council would be taking adequate measures in developing tourism infrastructures and taking all necessary health and sanitation measures. Tourism related to 'Health and Well-Being' would come up more in the future promotions, given the exceptional Wellness services and treatments that the country offers.

⁶ Press Release: <https://www.asianconfluence.org/announcement-detail/press-release-seminar-on-sharing-experiences-on-sustainable-tourism-practices-of-kingdom-of-bhutan-and-northeast-india--61>

⁷ YouTube Link of the entire interview: <https://www.youtube.com/watch?v=aOogDPuXaGg>

- Bhutan has already started taking continued initiatives of using digital platforms and augmenting social media tools in sharing important information pertaining to health guidelines and physical distancing norms. The aim is to convert a 'Happy Place' to the 'Happy Space', particularly in the post pandemic scenario in order to regain faith and confidence of the travelers.
- Besides, the country also plans to promote its Agro-Tourism industry to gradually transform into being entirely organic, with swathes of natural beauty, flora, and medicinal herbs.
- Efforts are being taken to add new elements in order to establish '**Brand Bhutan**'. The country intends to collaborate with other neighbouring nations like India to build 'Buddhist Circuits', further exploring the spiritual element of tourism in Bhutan.

Key Learnings for the North eastern states of India:

- Health facilities in Guwahati have improved exponentially over the last few years and it has become the newest tourism destination on availing medical facilities and a growing market for patients from India's eastern neighbours. Imphal has been treating patients from Myanmar in recent times, owing to some private establishments in medical infrastructure in Manipur. Apart from health tourism, the North Eastern Region (NER) also has a perceived potential for promoting wellness tourism in forms of Yoga, Ayurveda and Naturopathy, linking it to the Bhutan model. The region can largely benefit in attracting tourists by promoting a healthy and organic consumption basket for discerning customers, something that Bhutan has successfully advocated in recent times.
- Bhutan has been instrumental in creating wonderful road-links and tourism infrastructure in identified and prospective locations of tourist interest. While, NER has

Key Recommendations for the neighbourhood:

- ✓ **'Plan-Now - Travel Later'**
- ✓ Reopen with suitable **safety and precautionary** measures
- ✓ Focus on **domestic tourists**
- ✓ Promote **Health and Wellness Tourism** with GNH Principles
- ✓ Transform a 'Happy Place' to '**Happy Space**'
- ✓ Promote **Agro-Tourism** with an organic catch
- ✓ Establish a **sole branding** with highlighting factors
- ✓ Leveraging **Regional Tourism Circuits** with better connectivity enablers
- ✓ Promoting **entrepreneurial exchanges** in tourism centers
- ✓ Collaborate on **Agro-Eco-Aqua Tourism**

adopted similar exercises in the recent past, connectivity still remains a major deterrent to promoting tourism destinations, especially in states like Arunachal Pradesh & Nagaland. Time has come to think of creating a regional tourism circuit encompassing Bhutan and the states of Assam and Meghalaya (states with better road/railway/air links), leveraging the Druk Air (Royal Bhutan Airlines) stops of international flights in Guwahati for 4 days'-a-week.

- NER and Bhutan can possibly indulge in promoting benefit sharing mechanisms by considering more entrepreneurial exchanges and training programs in the tourism sector. The Tourism Council of Bhutan recently hosting a seminar in collaboration with Asian Confluence, India in sharing experiences of best practices on sustainable tourism practices between The Kingdom of Bhutan and Northeast India is one such example.
- The states in the Northeast can consider a deeper undertaking of the Bhutan's Tourism model which in turn couples with the nation's tenets of GNH; something which would undoubtedly become more philosophically relevant in the post COVID times. A study to comparatively analyse the contours and relevance of tourism policies in the NER, coupling it with the successful and holistic approach of Bhutan is much needed.
- Collaborations in the agro-eco-aqua tourism fields can be further explored.