

# The Risks of High Volume Tourism

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## **High-volume Tourism is Doing Irreparable Damage to Bhutan**

His Majesty the Fourth King of Bhutan's vision for the country was one of universal sustainability, manifested in adherence to the philosophy of Gross National Happiness (GNH). His vision was to modernise Bhutan and develop a country with economic, environmental, social, and political balance.

All of the Druk Gyalpos have shared that same motivation to modernise Bhutan. His Majesty the Fourth King held the enlightened vision that there was a philosophy around which the population could unite. GNH speaks plainly to the core of Bhutanese society. At its most basic level, it speaks to the magical humility that is ubiquitous among Bhutan's eclectic population -- a joy, warmth, sense of pride and love. It is that essence which makes Bhutan such a magnetic destination. And it is that essence that is under threat from the seismic changes underway within the tourism landscape.

GNH speaks equally to the political, economic, social, and cultural fabric of society. It speaks to the machinations of society and it talks to how Bhutan is perceived internally and externally. All indicators predict that a further and sustained influx of regional tourists will flood across the land border with India. The country has not prepared for this growth and it appears most likely these incremental numbers in the next few years will have a dramatic impact on both the culture and environment of the kingdom. That impact will have an impact on the sustainability of GNH as a guiding principle.

Over the last decade the government has not put in place any structural foundations to restrict travel (as it did in the latter part of the 20<sup>th</sup> century). This has led in turn to an exponential increase in the number of tourists

visiting Bhutan. These numbers have precipitated a surge in budget hotels and hostels, diluted the nature of *tshechus* and other festivals, created unacceptable visitation levels at *dzongs*, *chhortens*, Taktshang and other religious sites and is, arguably, leading to an irreversible cultural erosion that will inevitably change the essence of the country.

The government and tourism authorities have espoused for many years a philosophy of high-yield, low-impact tourism. This considered and well-intentioned philosophy is only viable if the concept is adhered to. Today, because of the influx of regional tourists from countries within the South Asian Association for Regional Cooperation (SAARC), Bhutan's historic vision of limiting tourist entry to a sustainable level no longer holds true.

The country is increasingly popular for tourists who do not need entry visas and are not limited by air access or government-imposed tariffs. In 2018, more than 200,000 predominantly Indian tourists entered the country. That number will only increase unless the government imposes similarly strict restrictions as enforced by the government tariffs on international tourists in the 1980s.

We only need to look at Nepal for a clear example of the challenging impact of high-volume tourism on cultural tapestry, environment, architecture, economy and political infrastructure. In 2018, Nepal registered 1.2M foreign tourists entering the country, a 17 percent increase from 2017. The tourism leaders celebrated reaching 1M tourists for the first time. The same tourist board is reporting a 19.6 percent increase in the first half of 2019. In 1993, according to the Nepal Tourist Board statistics, the country registered 293,000 tourists.

According to one of Bhutan's tourism leaders from the private sector, the current upward trend (10 percent in 2018) will increase exponentially over the next three years. He believes regional tourists will number a minimum of 500,000 in three years. At the same time, he does not believe there will be any substantive increase in high-yielding tourism. Projecting this

hypothesis forward would mean the current ratio of 27 percent international tourist and 73 percent regional, would increase to well over 85 percent of all tourists to Bhutan being regional low-yielding tourists and approximately 15 percent being the higher yielding international tourist.

Asked whether Bhutan could continue to be perceived as a high-yield low-volume destination, he immediately responded, “No, that has changed.”

Unless clear restrictions are imposed by the government, and given the increase in accessibility and the growth of the Indian middle class’s desire for travel, there may be no limit to the number of Indian tourists arriving in Bhutan over the next decade. Bhutan’s free market economy and its dynamic entrepreneurial population has already recognised the seemingly endless opportunities these tourists bring, including in the traditional off-season (May/June). The relative explosion in numbers remains the catalyst for a proliferation of budget accommodation and unplanned development.

Apart from the obvious economic impact from a tourist who pays no government royalty, and a “high-yield” tourist who contributes 35 percent of his fee to government, there is equally a significant perception difference between the two tourist typologies. The regional tourist is spending less, approximately USD 20 on hotel rooms, staying a shorter period (five nights vs. up to an average of 11 nights for Swiss travellers from the international segment – Kuensel April 8), and arguably, by sheer volume, having a far greater impact on the cultural tapestry.

Should half a million plus regional visitors enter the country in three or four years -- each with a desire to go to similar places and do similar things at similar times -- there will be massive disruption at Taktsang, religious sites, popular sites in Thimphu and Paro, and the cultural fabric will be irreversibly changed.

Asked whether Bhutan will follow the Maldives to becoming a mass tourism destination, each of our interviewees has replied that they believe this is inevitable. In the Maldives, not unlike Bhutan, mass tourism was

avoided by access and price. Today, a second runway is about to open in Male, regional airports have opened and the destination is increasing its room supply by exponential percentages. Prices have come down and the essence of the country as high-yield, low-volume has disappeared.

Equally critical to GNH is the way in which success is measured. Today in Bhutan, as in Thailand, the Maldives and elsewhere in Asia, success is measured by volume. The greater the numbers (as in Nepal), the more successful the tourism policy. One of Bhutan's leading tourism businessmen said, "Measuring by numbers is wrong. We utilise GNH as our guiding principle, we should measure success by a cost benefit analysis of the revenues from tourism to our cultural landscape."

According to one source, this will only continue and Bhutan will be completely reliant on the Indian traveller as it was on the international traveller in past years. He believes "there will be more investment in budget accommodation, more regional airlines coming in to the country and more destinations being created to accommodate these visitors". Should this prediction hold true, the country will lose its beloved hidden, magical status and will become yet another mass tourist destination.

While the international tourist market grew by 1.76 per cent in 2018 to 71,807 (Kuensel), this growth rate is a massive decline compared to 2017, where international tourism grew by 14.1 per cent. Does that imply that the high-value tourists are no longer as enamoured with Bhutan? Is it a function of limitation of air access? Or does it mean the plethora of regional tourists has already tarnished the exclusive image of the country and the allure of Bhutan is diminishing to the high-yielding visitor?

A leading business figure in the tourism industry (who did not wish to be named) believes there is no one factor that is impacting "brand" Bhutan. "It is impossible to pinpoint one particular reason," he says. "Our traditional target market [for the international traveller] has changed the way in which they book and the way in which they choose a destination. Everything is digital. We are not prepared for that eventuality."

“I do not feel the dramatic drop in the growth of international travellers can be ascribed to the rise in regional travel. Our numbers have also dropped because there was no ‘friendship package’ in 2018 as there were in previous years. While the statistics are unclear, I believe we lost about 5,000 Thai visitors compared to the previous year,” he maintained.

To the challenge of the growth in regional travel, he said, “I know at least one very famous international travel agency that has announced it will not bring tours to Bhutan after 2020 because of the mass tourism.”

One may trace the source of this discussion to the country’s evolution to a constitutional democracy in 2008. And one may fairly argue, as do leaders of the business community, that in order to allow democracy to thrive, one must allow for trial and error in development. But at what cost to the sanctity of the nation? To GNH? And is it the core of democracy that is at stake? Without visionary, unencumbered drive and leadership, can a young democracy survive the economic reality that arrives with hundreds of thousands of tourists?

“You need to allow for change. We are a young democracy. We need to allow the leaders of the country to make mistakes,” argues a leading member of Thimphu’s business community. “We need to establish balance between high-volume and low-impact tourism. Today that balance is out of kilter and the government needs to address it.”

The tourism leader agrees: “I think there is space for both markets. There will inevitably be a lot of investment in infrastructure to accommodate the Indian tourists but I believe the high-end tourist developments will continue. Look at Six Senses, they are developing five resorts in the country.” Prudently he continued, “There should be a shift in policy from the government sector to allowing the investors to have more say in policy making.”

The argument that high-value, low-impact tourism can sustain the heart of the nation can only be true if it is managed and nurtured in line with the vision in which it was created. Allowing more than 200,000 regional tourists into the country in 2018, with seemingly little or no control, is neither sustainable nor viable.

The same is true for the government's inability to only raise minimally the surcharge on high-yielding tourists for the last 30 years. Today, no matter which way it is couched, for a vastly widening demographic, Bhutan is not an expensive destination (as it was perceived for many years). USD 250 a day is not expensive if compared to the price of accommodation in Hong Kong, London, Singapore, New York or any of the other major global cities. A Bhutanese tourism leader agreed, "The price has hardly increased over the last decades. It certainly has not increased in line with global inflation."

When the original surcharge came into effect, and for many years thereafter, Bhutan's perception was coupled with a myth that it was closed to ordinary visitation. That, and difficulty of access because of the limited number of flights, acted as organic limitations on the number of tourists to the country. And it worked.

On 9 July, at the Journalist Association of Bhutan's first briefing on tourism for 2019, the Director General of the Tourism Council of Bhutan (TCB), Dorji Dhradhul, said: "TCB has always focused on taking tourism to the top and we are going to take Bhutan's tourism to the top by making Bhutan the number one destination in the world and making tourism the highest revenue-generating sector in the country at the national level."

He also said that it is important to note that while making tourism the highest revenue-earning sector in the country, Bhutan should not compromise or sacrifice its Gross National Happiness development philosophy. "We will do things very cautiously," assured the DG.

He pointed out that Bhutan is at a critical juncture at this point of time and important decisions need to be made. "For the last 50 years, tourism in Bhutan has been sustaining with the visionary policy of our Monarchs and now we need to continue this legacy, but we are confronted with many threats. If we don't do anything at this point of time, there is a big risk or threat that we will be derailing from this legacy, which would mean we are going in the wrong direction."

While the business community agree with Dhradhul that decisions need to be made and a direction honed, they are unclear about which direction the government should take. “I personally feel everyone is as confused as I am... we’re not sure which strategy to follow. Let the industry follow its own course,” said a veteran of Bhutan’s tourism industry.

In the context of increasing numbers of regional tourists and its negative impact, Dhradhul said that Bhutan must take cautious steps from here because the number of tourists has already reached 274,000. “If we don’t restrict it now, even the visionary policy of high-value and low-volume would not help,” he added.

Indeed, Robert Govers, an independent international advisor, at the World Economic Forum in Davos said on September 1 this year: “Destinations have to figure out how to deal with soft targets, goals not so specific and easy to measure as arrivals, like happiness, civic pride, and reputation. These objectives have often been swept aside as being too vague, too sappy, too difficult, but with a little imagination, they can be achieved.” I think this is a critical point. Nations measure everything by numbers; in Bhutan, because of GNH, the government should introduce some sort of measurement of how much tourists impact on the national psyche, the environment and the cultural fabric.

“While it may sound like clever public relations rhetoric for those of us used to traditional tourism marketing, for many Bhutanese the idea of Gross National Happiness is both a utopian philosophy and a practical guiding principle. This price [the government surcharge] includes a Sustainable Development Fee of USD 65 per day, which goes towards free education, free health care, and poverty alleviation. In other words, tourists are taxed significantly as a result of the government’s strict ‘high-value, low-impact tourism’ policy that protects the country’s culture, traditions, and natural environment while benefiting local development.”

Thuji Nadik, the recently retired former director of the Tourism Council of Bhutan, believes that with more than 100 budget hotels being planned or built in Thimphu alone, the economic reality of this uncontrollable growth will have a lasting impact on the architectural tapestry of the capital. “We have to fix the accommodation problem, both in the uncontrollable growth of budget accommodation and in non-traditional accommodation such as AirBnB.” Nadik continues, “All of the problems are self-made and can be sorted out with the stroke of a pen.

Nobody has the vision to do it. There should be an immediate moratorium on the growth of budget accommodation.” He does not believe the government policies have changed in the last five years. On my last trip to Thimphu, the entry to the capital was more reminiscent of the drive into Kathmandu. Thimphu had seemingly lost its strict adherence to the architectural zoning rules.

### **Is This the Fabric of Society That’s at Stake?**

“The genie has been unleashed from its bottle and cannot be put back in its cage,” claimed one of Bhutan’s most acclaimed business leaders. He shared the economic reality that the hotels that are being developed in Thimphu, Paro and Bumthang are being financed by local bank loans. “These loans can only be repaid by a growing number of regional tourists. That is the economic reality.”

Bhutan is a young democracy. The country is facing critical decisions across multiple sectors from urbanisation to hydro-electric power to tourism. At its core, GNH remains the guiding principle that will strengthen the culture of the nation and lead it into a future in spite of geo-political forces, environmental factors, global trends, local democracy and a multitude of other forces which will combine to create obstacles to the country’s progress.

The government has a critical responsibility to create a balanced tourism vision embracing the realities of the massive growth of regional tourism. This vision must not differentiate the impact to the cultural environment from either high yielding (international) tourists or low yielding (regional) tourists. Both typologies, particularly in high numbers, represent a significant threat to the cultural fabric of Bhutan. It must be a vision which does not count the number of tourists that arrive in the country but treats each tourist as an opportunity to strengthen the nation's core and its Gross National Happiness at the same time.