

THAILAND: FACING LOSSES IN TOURISM BUSINESS 2010



Thailand's tourism industry is severely hit by weeks-long protests. The losses are estimated at \$1 billion.

After the images of deadly protests flashing around the world the Federation of Thai Industries fears that the political conflict could cost the Thai tourism industry more than \$1 billion.

Thailand is one of the developing world's most popular tourist destinations, alluring to both jet-setters and backpackers. Rising tensions between anti-government protesters and the troops in Bangkok - which are described as Thailand's bloodiest political violence in nearly 20 years - now might lead to Thailand missing its target of hosting 15.5 million visitors this year.

In recent years Thailand's economy has held up remarkably well despite its many problems including the tsunami in 2004 and a multi-day shutdown of its international airport in 2008. **But Thailand's current political situation may cause a lasting damage to its economy and international reputation.**

According to the Bangkok Post Online, the government earlier expected the country's economy for 2010 to expand 3.5 to 4.5 per cent while international agencies even predicted a 6.2 per cent growth. Finance minister Korn Chatikavanij now predicted that tourist arrivals will be "decimated," and warned that the country could lose 2 % off its projected 5% GDP growth for the year if order is not restored promptly.

The tourism industry, which accounts for roughly 7% of Thailand's economy, is perhaps the most vulnerable industry. The protests could cost Thailand THB20.8 billion in lost tourism income this year, according to the Fiscal Policy Office.

The tourism sector was heavily hit after more than 40 countries have issued travel warnings for Bangkok. Hong Kong, China and Taiwan accounted for some of the largest groups of international tourists traveling to Thailand in 2009 and belonged to the countries which issued travel warnings for Thailand. Alone in the Thai New Year holiday week all 100 charter flights due from China have been cancelled, said the Bangkok Post.

The protesters - largely supporting the former Prime Minister Thaksin Shinawatra - are occupying Bangkok's main shopping and business district resulting in hundreds of popular shops being forced to close over the past weeks. **Several hotels in Bangkok are running at roughly 30% occupancy, which is about half their normal rate, while luxury hotels like the Grand Hyatt Erawan Hotel or the Four Seasons are running at zero occupancy.**

While Bangkok is a heavily frequented city destination suffering from the protests Phuket and other holiday hotspots away from Bangkok have been largely unaffected by the political situation in the capital. Particularly tourist destinations like Chiang Mai, Chiang Rai, Phuket and Koh Samui were not affected by the anti-government protests so far.

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