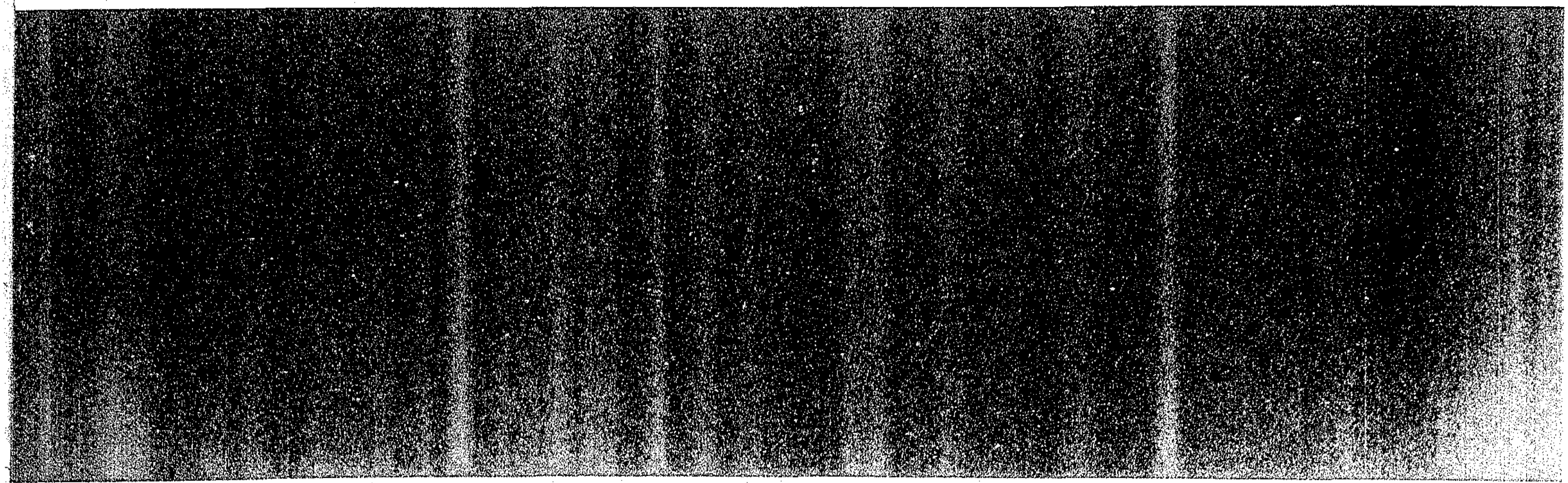
CHAPTER 2 GREATER PHUKET TOURISM DEVELOPMENT



2.1 TOURISM MARKET AND PROJECTIONS

1) MARKET OVERLOOK

● 3.48 Million Tourist Arrivals in 1987 with the Growth Rate of 23.6 % in Thailand

For the last several years, tourism has been greatly boosted all over the world, and major tourism countries have enjoyed great growth in this sector. Particularly, the significant growth in Asian tourism is noted. According to the WTO Annual Report (1986), the tourism growth rate between 1983 and 1985 was 17.4% per annum in East Asia and the Pacific region, compared with 6.6% per annum on the average in the world. Using such comparisons, Thailand's growth rate is outstanding. Thailand received 3.48 million tourists in 1987 with a 23.6% growth from 1986, as shown in Table 2-1-1. This growth rate considerably outweighed the growth rate in the previous year, 15.6%. Thailand has become one of the leading tourism countries.

● New Trend of Arrivals from Asian NIEs

Major markets, as shown in the statistics, are Europe (30%), Asia (25.3%) and the U.S.A. (22.3%), and tourists from these market areas have steadily increased in number year by year. Recently, a new trend has appeared that shows significant increase in growth rate between 1986 and 1987 of the tourists from the so-called Asian NIEs, i.e., Taiwan (60.1%), Hong Kong (52.7%), Korea (28.7%) and Singapore (25.6%). It is also noted that the growth of tourists from Japan is predominant (33.7%). On the other hand, although Malaysian tourists are the largest in number, the growth rate between 1986 and 1987 was 13.7% which is below average. This noteworthy new momentum in Thai tourism is also demonstrated by the fact that about 60% of the increased tourists between 1986 and 1987 were from the above 6 Asian countries.

TABLE 2-1-1 INTERNATIONAL TOURISTS TO THAILAND BY COUNTRY OF RESIDENCE IN 1987

	1987	1986	Change(%)	Increase	Share(%)
Grand Total	3,482.958	2,818.092	23.59%	664.866	100.00%
All America	261.162	213.410	22.38%	47.752	7.18%
Canada	37.429	30.943	20.96%	6.486	0.98%
U.S.A.	212.575	172.575	23.18%	40.000	6.02%
Others	11.158	9.892	12.80%	1.266	0.19%
All Europe	719.871	552.148	30.38%	167.723	25.23%
France	130.326	97.540	33.61%	32.786	4.93%
W.Germany	148.755	114.478	29.94%	34.277	5.16%
Italy	66.631	51.421	29.58%	15.210	2.29%
Netherland	38.371	30.576	25.49%	7.795	1.17%
Sweden	33.345	24.943	33.68%	8.402	1.26%
Switzerland	47.964	38.665	24.05%	9.299	1.40%
U.K.	126.309	99.489	26.96%	26.820	4.03%
Others	128.170	95.036	34.86%	33.134	4.98%
Africa	18.209	14.976	21.59%	3.233	0.49%
				0.000	
Middle East	140.920	133.004	5.95%	7.916	1.19%
Saudi Arabia	77.782	72.111	7.86%	5.671	0.85%
Others	63.138	60.893	3.69%	2.245	0.34%
East Asia	2,125.249	1,695.596	25.34%	429.653	64.62%
Indonesia	31.230	30.926	0.98%	0.304	0.05%
Malaysia	742.394	652.887	13.71%	89.507	13.46%
Philippine	36.048	27.913	29.14%	8.135	1.22%
Singapore	277.310	220.725	25.64%	56.585	8.51%
Australia	123.316	103.317	19.36%	19.999	3.01%
Hong Kong	251.376	164.677	52.65%	86.699	13.04%
Japan	349.558	261.549	33.65%	88.009	13.24%
Korea	33.776	26.248	28.68%	7.528	1.13%
Taiwan	203.535	127.133	60.10%	76.402	11.49%
Others	76.706	80.221	-4.38%	-3.515	-0.53%
South Asia	217.547	208.958	4.11%	8.589	1.29%
India	114.371	114.871	-0.44%	-0.500	-0.08%
Pakistan	42.398	36.514	16.11%	5.884	0.88%
Others	60.778	57.573	5.57%	3.205	0.48%

Source: TAT

2) PHUKET TOURISM

● 665,000 Hotel Guests in 1987 with the Growth Rate of 38.3 % in Phuket

The characteristics of Phuket tourism shifted drastically in 1984: before then, domestic tourists were predominant in number, but international tourists outweighed domestic tourists in 1985. As an international destination, Phuket has grown since then, and it had 665 thousand accommodation guests (estimate) in 1987, which increased by as much as 38.3% from 1986.

In comparison with Chiang Mai and Pattaya in terms of tourist growth rates of between 1985 and 1986, Phuket was the highest, at 38.1%, while Chiang Mai had a 26.5% growth, and Pattaya, 17.3%. This shows that tourists have been seeking marine beach resorts with a more virginal and nature-oriented atmosphere. Phuket is endowed with great potential to meet these people's requirements, and will be a major marine tourism destination in Southeast Asia.

It is a fact that the comparative weight of the Phuket's international tourism in the whole of Thailand has gradually increased year by year, i.e., the number of international tourists in Thailand in 1985 was 2,438 thousand, of which 156 thousand visited Phuket. Phuket's share was 6.4%. Looking into changes in this share, a definite increase can be depicted, that is, 4% in 1983, 6.2% in 1984, 6.4% in 1985, 9.0% in 1986, and 11.5% (estimate) in 1987.

So far the majority of Phuket tourists have been Europeans, who shared 26.5% of the total accommodations, followed by Asian NIEs such as Hong Kong, Singapore, and Malaysia. Japanese tourists, of which share was only 2% in 1986, have gradually increased as the market become more popular. The latest statistics are not available yet, but the number of Japanese tourists staying at selected representative hotels (four hotels) increased 63.7% between 1986 and 1987. These Asian countries will undoubtedly be major potential markets for Phuket tourism in the future as well. Taking into account the nature of these countries' tourists who do not necessarily favor only beaches, a diversification of tourism attractions should be explored.

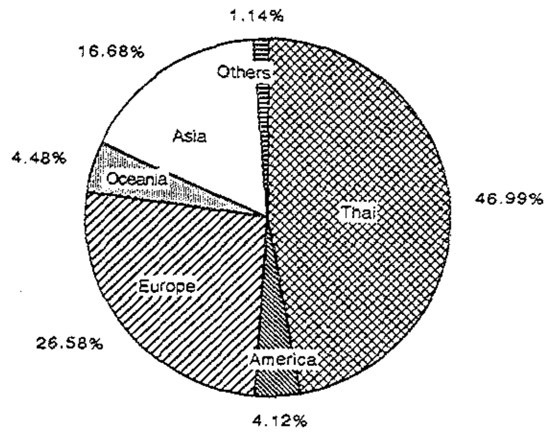
Phuket suffers from a considerable seasonal fluctuation: looking into the monthly occupancy of accommodations in 1986, the occupancy rate in the peak month (December) was 78.6%, while in the off-peak month (September), it was as low as 36.8%. In general, the off-season in Phuket is the period from May through September, as shown in Fig. 2-1-1. There are, however, noteworthy findings in that the number of tourists from Singapore, Hong Kong and Taiwan are rather high in these off-season months due supposedly to the off-season discount in accommodation rates, and that Thai domestic tourists are not necessarily represented by a distinctively seasonal fluctuation. This means that these Asian and domestic tourists may play a significant role in overcoming the seasonal fluctuation.

Several reasoning factors may explain such a drastic increase in tourists to Phuket are conceivable in both the supply and demand sides: the safety and comfort of the beaches and society in Phuket are the supply side factors, while the economic growth in the NIEs, the economic stability over the world and the favorable shift in foreign currency exchange rates in the market would be the demand side factors. However, the crucial factor in bringing such latent demand into existence is the supply of accommodations. The number of hotel rooms supplied in Phuket has drastically increased particularly between 1986 and 1987: 4,072 rooms in 1985, 4,754 rooms in 1986 and 7,906 rooms in 1987. Reportedly, at present, several hotels are under construction or planned. The forthcoming hotel rooms account for about 3,300.

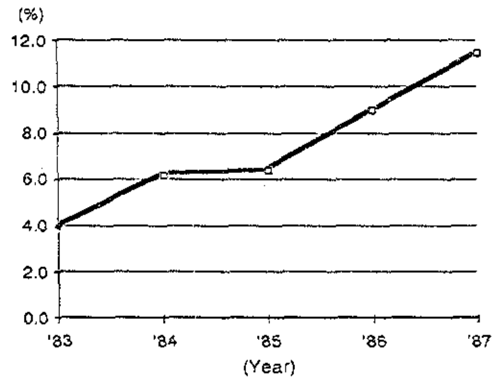
Afterwards, the major markets for Phuket tourism are the European, Asian and Thai domestic tourists, and these three markets will contribute to the enlargement of the Phuket tourism demand continually in future as well. With such momentum, Phuket tourism is expected to grow to be an outstanding destination with two facets: 1), a non-congested, and closed or community type resort for European tourists, and 2), a more versatile, mobilized and comprehensive type of resort for the Asian and Thai domestic tourists. It is also noted that the Asian tourists never necessarily require low or medium class accommodations, because there is no longer a difference between the amount of expenditure and the length of stay between the European and Asian tourists.

●Tourist Tendency to Marine Beach Resort

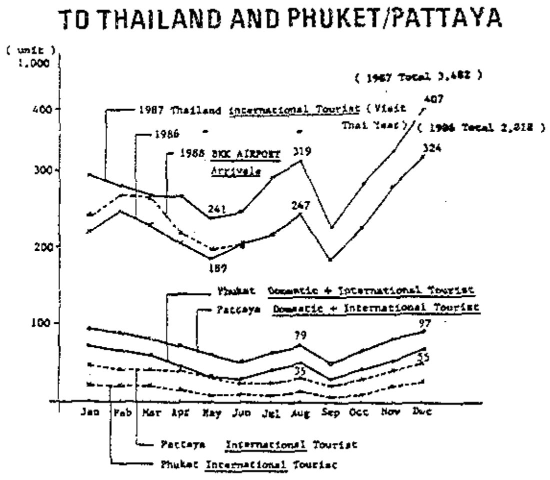
MAJOR MARKET COUNTRIES OF PHUKET TOURISTS



THE SHARE OF TOURIST TO PHUKET



INTERNATIONAL TOURIST ARIVALS TO THAILAND AND PHUKET/PATTAYA



3) FUTURE DEMAND FORECAST IN GREATER PHUKET

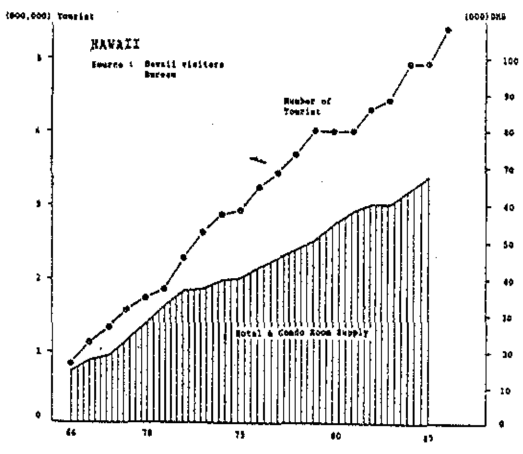
Assessing the potential of the major markets, and the momentum in the supply side (hotel investment), as well as taking into account Thai domestic tourism demand, which would undoubtedly increase in response to an increase in income level, it is anticipated that the number of tourists in Greater Phuket will increase at a higher rate than the national target, 7.5% up to 1991, as shown in Table 2-1-2.

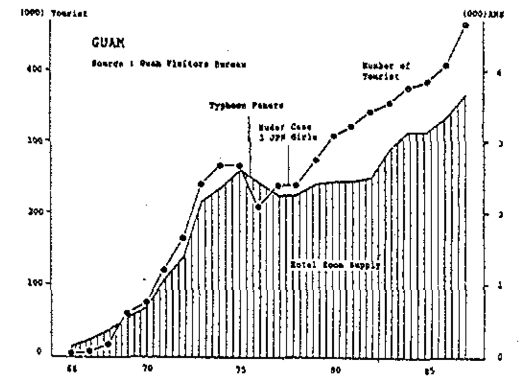
TABLE 2-1-2 FOREIGN TOURIST TARGET DURING 6TH NATIONAL SOCIAL AND ECONOMIC DEVELOPMENT PLAN (1987-1991)

Title	Figure 1986	Figure on the beginning Yr. of Development Plan VI 1987	Target in development Plan during 1988-1991				Remarks
			1988	1989	1990	1991	
1) No. of Tourist (Mill.) (% change)	2.82 (15.58)	3.48 (23.59)	3.74 4.20 Target	4.02 4.70	4.32	4.65	Average increasing rate per year. 7.5 % (adjusted target based on 1987)
2) Average Length of Stay (day)	5.93	6.06	6.06	6.06	6.06	6.06	increasing rate is not less than 5.5 days
3) Average Expenditure/ person/day (bht) (% change)	2,233	2,370	2,524	2,688	2,863	3,049	increasing rate/ person/day=6.5% per year (base on 1987)
4) Revenue (From 1X2X3) Mill. (% change)	37,321 (17.50)	50,023 (34.00)	57,194 (14.30)	65,480 (14.50)	74,950 (13.90)	85,918 (14.63)	

Remarks (1) No. of tourist according to the former target estimated is based on 1987 which is about 3.77 million persons during the last year
(2) Revenue according to the former target is about 69,000 million Bht during the last year of the Development Plan VI (1991)

DEMAND AND SUPPLY IN HAWAII & GUAM





The demand projection was carried out on the assumption that the annual growth rate for every 5 year term: as for the domestic demand, the annual growth rates are assumed to shift stably and to be 15%, 10%, and 7% in the terms of 1987/1991, 1992/1996, and 1997/2001 respectively. On the other hand, as for the international tourists, it is assumed that during the term of the first five years (1987/1991), the demand will increase in response to the supply at a high rate, 21% on the average, but that such a steep increase curve will gradually shift to a moderate increase curve with a 7% growth during the second term (1992/1996) and shift again to a more stable increase curve with a 6% growth in the following term (1997/2001). The outcome shows that the numbers of the tourists to Greater Phuket will be 1,304 thousand, 1,923 thousand and 2,620 thousand in 1991, 1996 and 2001 respectively, as shown in Table 2-1-3.

The above estimate may be plausible in comparison with the experiences of the advanced marine resort destinations with similar characteristics to those of Phuket such as Hawaii and Guam. Fig. 2-1-2 shows the patterns of the growth process in Hawaii and Guam. From this, it is found that even during a 20 year time span, the demand (number of tourists) has increased proportionally in response to the supply (number of hotel rooms), and that the curves are never saturated. Phuket has less than 10 years experience in international tourism and is yet mature, hence, Phuket will enjoy a remarkable growth for the time being, and later, enter a more mature period. For reference, the growth rates during the last 10 years were 5.6% per annum on the average in Hawaii, and 6.8% per annum in Guam, compared with 6 to 7% which is the estimated growth rate in Phuket after 1992.

TABLE 2-1-3 PROJECTED HOTEL GUESTS IN PHUKET CLUSTER

Unit: 1,000 guests

Year	Domestic	Increase (%)	Foreign	Increase (%)	Total	Increase (%)
1983	147	22.4%	87	14.5%	234	19.3%
1984	196	33.3%	145	66.7%	341	45.7%
1985	189	-3.6%	156	7.6%	345	1.2%
1986	223	17.9%	254	62.8%	477	38.3%
1987	256	15.0%	399	57.1%	655	37.3%
1988	295	15.0%	516	30.0%	811	23.8%
1989	339	15.0%	648	25.0%	987	21.7%
1990	390	15.0%	778	20.0%	1168	18.3%
1991	448	15.0%	856	10.0%	1304	11.6%
1992	493	10.0%	916	7.0%	1409	8.1%
1993	542	10.0%	980	7.0%	1522	8.0%
1994	596	10.0%	1,049	7.0%	1645	8.1%
1995	656	10.0%	1,122	7.0%	1778	8.1%
1996	722	10.0%	1,201	7.0%	1923	8.2%
1997	773	7.0%	1,273	6.0%	2046	6.4%
1998	827	7.0%	1,349	6.0%	2176	6.4%
1999	884	7.0%	1,430	6.0%	2314	6.3%
2000	946	7.0%	1,516	6.0%	2462	6.4%
2001	1,013	7.0%	1,607	6.0%	2620	6.4%

4) HOTEL REQUIREMENT AND DISTRIBUTION

Taking into account the number of hotel rooms currently available in Phuket, Phang Nga and Krabi, the number of anticipated hotel rooms that will be required according to predictions is as follows. The number of rooms required in 1991, 1996 and 2001 of Greater Phuket is estimated to be 16,010 rooms, 22,139 rooms and 30,437 rooms in total respectively.

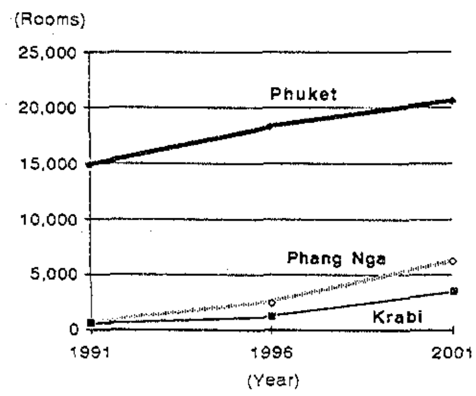
Our purpose is to make a forecast up to the year 2005 to frame a strategic viewpoint with reference to an accommodation target. The Table 2-1-4 shows the results of Phase I (1991), Phase II (1992-1996) and Phase III (1997-2001) forecasts based on reference to the physical landuse and tourism infrastructure planning frame.

TABLE 2-1-4 SPECIFIC MARKETING TARGETS FOR DISTRIBUTION OF REQUIRED ROOM

Area	1991 Phase I High	Low	Total	1996 Phase II High	Low	Total	2001 Phase III High	Low	Total
Phuket	9,827	5,052	14,879	12,815	5,530	18,345	14,657	5,986	20,643
South	6,770	3,824	10,594	7,387	4,058	11,445	8,034	4,469	12,503
North	2,078	11	2,089	4,472	255	4,727	5,618	300	5,918
Town	853	1,034	1,887	830	1,034	1,864	879	1,034	1,913
Others	126	183	309	126	183	309	126	183	309
Pang Nga	90	459	549	1,550	965	2,515	5,230	1,037	6,267
Bay	90	56	146	90	56	146	415	81	496
Thai Muang	-	-	-	1,460	506	1,966	4,815	553	5,368
Town	-	403	403	-	403	403	-	403	403
Krabi	102	480	582	307	972	1,279	945	2,582	3,527
Beach	102	360	462	307	852	1,159	945	2,462	3,407
Town	-	120	120	-	120	120	-	120	120
Sub Toal	10,019	5,991	16,010	14,672	7,467	22,139	20,832	9,605	30,437
Ranong	203	415	618	415	415	830	1,114	644	1,758
Grand Toal	10,222	6,406	16,628	15,087	7,882	22,969	21,946	10,249	32,195

Note : High : International Class Accommodation
Low : Economy Class Accommodation

DISTRIBUTION OF HOTEL ROOMS



Existing available rooms in Greater Phuket are 8,912 rooms. Of which 4,812 rooms are classified as "international class" accommodation and 4,100 rooms as "economy class" accommodation. Those share is 54% : 46% respectively.

In overall quantitative terms, the accommodation capacity of Greater Phuket at present can be said to be acceptable for the current market demand because of the difference in the development stage in terms of the location's characteristics, access, tourist attractions, etc.

TABLE 2-1-5 EXISTING AVAILABLE ROOMS IN PHUKET, PANG NGA AND KRABI

	High No. of Hotels	No. of Rooms	Low No. of Hotels	No. of Rooms	Total No. of Hotels	No. of Rooms
Phuket South						
Laem Ka Beach	1	300	1	15	2	315
Rawai Beach	-	-	3	108	3	108
Nai Han Beach	2	146	5	113	7	259
Kata (Noi/Yai) Beach	5	640	16	269	21	909
Karon Beach	5	649	12	296	17	945
Patong Beach	14	1,888	43	1,179	57	3,067
Kamala Beach	-	-	1	9	1	9
Pansea Beach	2	141	-	-	2	141
Phuket North						
Bang Tao Beach	1	240	-	-	1	240
Nai Yang Beach	1	162	1	11	2	173
Phuket						
Town	2	430	23	1,034	25	1,464
Phuket						
Others	1	126	9	183	10	309
Phang Nga						
Phang Nga Bay	1	90			1	90
Phang Nga Town			*	403	*	403
Krabi						
Krabi Beach/Island	-	-	*	360	*	360
Krabi Town	-	-	*	120	*	120
Ranong						
Ranong	*	166	*	415	*	581
Grand Total	*	4,978	*	4,515	*	9,493

Source : TAT
Note : H/High : International Class Accommodation
: L/Low : Economy Class Accommodation
: * : Not Clearly

5) HOTEL ROOM DISTRIBUTION

Flow Chart of hotel room distribution is shown in Fig. 2-1-1.

To classify "High" and "Low" or International Class and Economy Class accommodations respectively out of the total number of foreign and domestic tourists visiting Greater Phuket.

a. Due to discount room rates offered by the International Class hotels during the low season, many people will take advantage of attractive off season rates which with fully utilize the potential of high class accommodations year round.

b. "Low" class accommodations usually can be classified into two types 1), Low grade hotel which because of financial limitations and high maintenance costs, tend to inevitably offer poor hotel services, and 2), "Low" class accommodations which were built to appeal to economy class tourists and which are able to maintain certain standards because of demand.

c. Only Patong beach can cater to all four types of tourists because of its variety of accommodations. It appeals to every type of tourists because of it's beautiful beach and the many different types of hotels which offers in all ranges. However, some tourists would not choose Patong beach because of hotel density and congestion and an apparent lack of consideration for the natural environment.

d. Phuket has already achieved in terms of number a great variety of high class hotel accommodations. Many of these hotels have made imaginative use of the natural environment to enhance their hotel settings. Future demand indicates an increase in the international class room category.

e. In order to establish the length of stay for each area, present tour patterns have been analyzed to predict vacation length patterns. For example, Phang Nga Bay has been a traditional day excursion route from Phuket and usually caters to overnight stays. Phuket town has characteristically accommodated economy class tourists and developed services which mainly cater to this category. The average length of stay tends to be short. However, there is an exception with nature lovers who usually have a much longer stay.

f. Room requirements (double, single, etc.) are determined for "Guest nights" based on tour plans and package offerings. The assumed planning conditions are summarized and outlined in Table 2-1-6. Average length of stay is calculated from the total of each area classification.

HOTEL CLASSIFICATIONS IN THIS STUDY

Group I	Single: from Baht 1,000 - up	
Group II	Single: from Baht 701 - 1,000	HIGH
Group III	Single: from Baht 401 - 700	
Group IV	Single: from Baht 201 - 400 (including bungalows)	
Group V	Single: from Baht 200 and less (bungalows, motels and guest houses)	LOW

Source : TAT

TABLE 2-1-6 ANTICIPATED HOTEL DISTRIBUTIONS

			1991	1996	2001
1. Average Length of Stay	Foreign Tourist		5.5	5.5	6.0
	Domestic Tourist		3.5	3.5	4.0
2. Percentage Share of Utilization by type of Accommodation	Foreign Tourist	High	80%	80%	80%
		Low	20%	20%	20%
	Domestic Tourist	High	30%	40%	50%
		Low	70%	60%	50%
3. Percentage of Utilization of Hotel Accommodations	Foreign		100%	100%	100%
	Domestic		70%	70%	70%
4. Average Occupancy Rate		High	60%	60%	60%
		Low	60%	60%	60%
5. Double Occupancy Rate		High	1.8	1.8	1.8
		Low	1.8	1.8	1.8

Note; All projections assume on time availability of the required accommodation capacity previous estimation of hotel guests in 1986 is modified as to actual hotel guests as per the TAT survey.

6) ACCOMMODATION DEVELOPMENT

A hotel construction boom took place on Phuket Island in 1985. A tremendous amount of private investment has been injected into the island since then. At present, this boom is still vigorous, and is though to continue in the coming years as well.

● Two Types of Hotel Investment

Two types of investment have recently appeared: one is the investment in the built-up area such as Patong and Karon/Kata, and the other is the investment in the virgin areas especially in the northern part of the island. The latter investment tends to become larger in scale, and involve a wide variety of recreational facilities in the complex type of development.

In fact, most potential areas have been occupied, purchased, or negotiated by both foreign and domestic investors in Phuket Island. It seems that there will remain little potential land for new investment in 1996. Thus, in order to meet the anticipated demand in future as well as to push such enthusiastic private activities, new land development may be provided for the further investment.

● Environmental Improvement and Intervention of Accommodation Development in the South of Phuket

a. The southern part of Phuket does not have many opportunities to develop beach oriented resorts because the land is very limited especially the beach front areas which are already occupied by present hotel establishments except Patong, Kata and Karon. This areas should improved environmental quality and intervention of accommodation development into existing resort complex. Therefore, future large scale of accommodation development will expand to the northern part of Phuket.

b. In northern Phuket, incentives will be given to its periphery through the development of the Dusit Laguna Resort Complex. As a result, it can be expected that further development around Bang Tao will be carried out by developers. The implementation of development program by TAT, the provincial government and Dusit Laguna will change the northern Phuket into a unique international beach resort in Phase I. Further north of Phuket, the Prem Resort Complex built by a private developer, is planned to develop during Phase II by 2,500 rooms accommodation with various facilities. By these developments the Phuket beach front will be fully occupied during mid-term, and remaining interior and hinterland area will not be suitable locations for International class accommodations.

● **New Trend in the North of Phuket**

c. Beyond the Sarasin bridge, Khok Kloi and Hat Thai Muang have ample capacity for future development. This beach should therefore be developed as a center for concentrated large scale accommodation facilities, ocean activities and amenities for tourists after rehabilitating the environment due to inland mining activities. This areas will be developed beyond Phase II.

● **Large Scale Development Opportunity Beyond the Sarasin Bridge**

d. In terms of tourism, Khok Kloi town should be provided with service functions, starting Phase II, for direct and indirect support to Khok Kloi beach and Hat Thai Muang. The development of Khok Kloi as a service town will have desirable effects on the future of Phang Nga West.

● **Khok Kloi Service Town**

e. Accommodations in Phang Nga bay and town will be developed in conjunction with the establishment of the Andaman Cultural Resources Center which will be located in Phang Nga bay. However, it has limited land, and therefore, development scale will be relatively small. This area will be developed during Phases I and II.

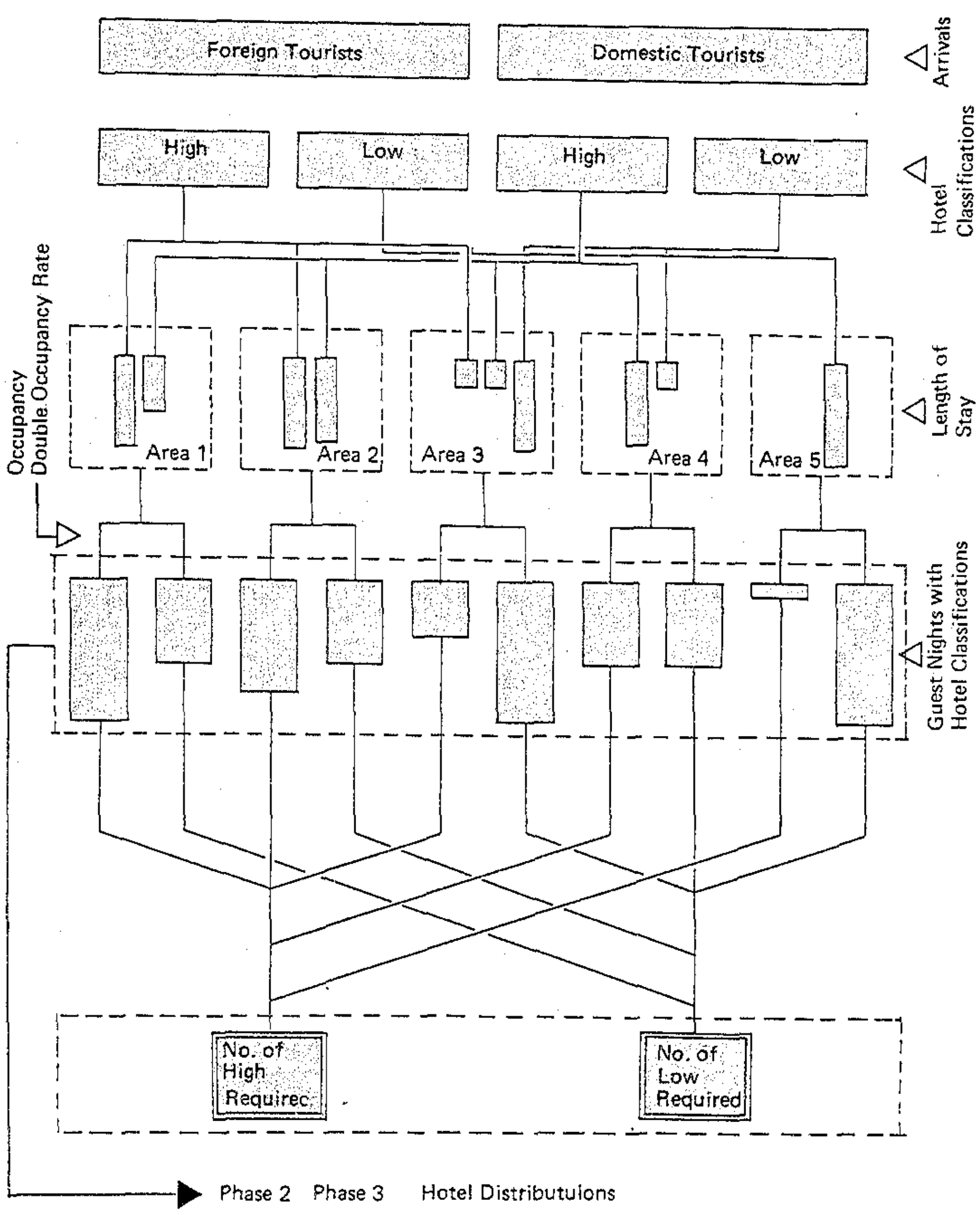
● **Phang Nga Bay Resort**

f. Krabi will be developed especially for nature lovers and international economy class and domestic tourists. It will be advertised as the "East of Samui Island" and accommodations will have minimal facilities. This area will mainly be developed during Phase III.

● **"East of Samui"**

g. Special tourist attractions and unique events in each term will be planned on provincial, municipal, national and international levels. It may be considered that they will provide a higher value than this frame. Table 2-1-7 gives the forecast value in each term.

FIG. 2-1-1 FLOW CHART OF HOTEL DISTRIBUTIONS



High : International Class Accomodation
Low : Economy Class Accomodation

INTERNATIONAL CLASS HOTEL IN PHUKET

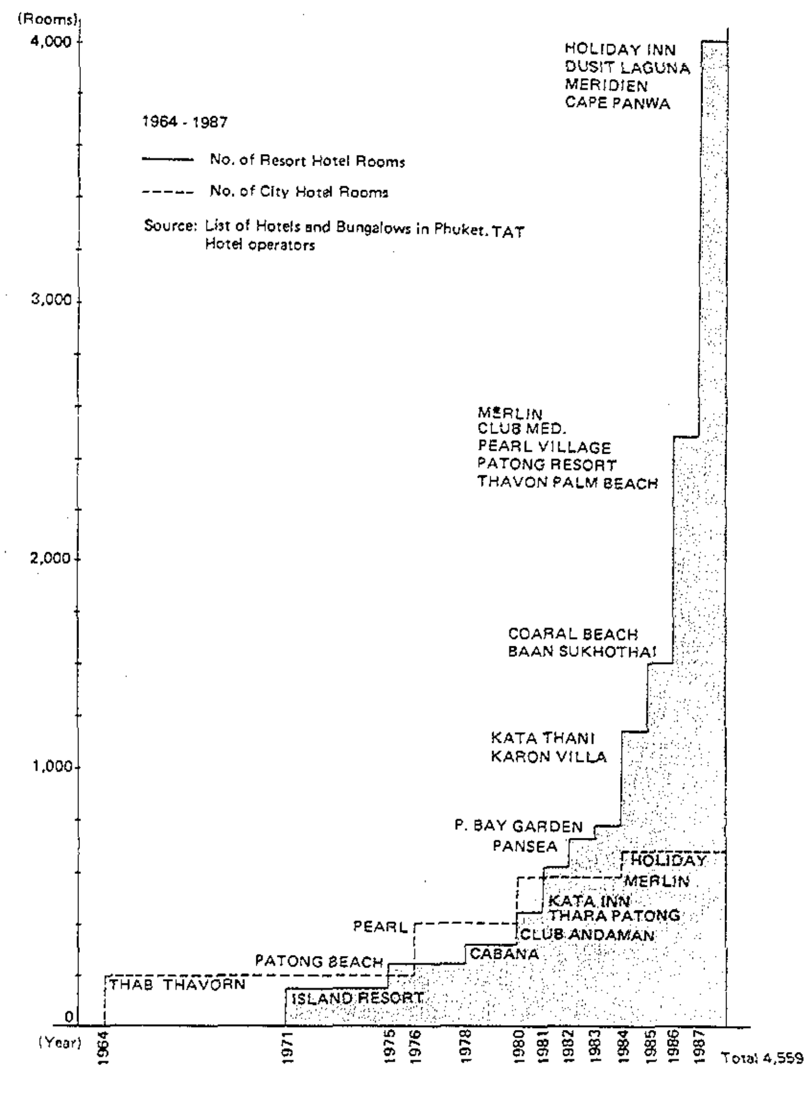


TABLE 2-1-7 CONCEPTUAL DEVELOPMENT STRATEGIES FOR EACH DISTRICT

LEGEND

International class Accommodation

Economy class Accommodation

District		Phase I -1991	Phase II 1992-1996	Phase III 1997-2001	Development Strategies
Phuket	South				Phase I: To improve environmental quality and limit accommodation development within existing resort complexes. Phase II & III: To continue Phase I, emphasizing quality control as well as environmentally sound development
	North				Phase I: To establish a new resort core with international class oriented accommodation development. Phase II: To continue Phase I, development of more luxury resort complexes. Phase III: To continue Phase II
	Town				Phase I: To develop regional urban hotels with various service functions.
					Phase II & III: To develop tour service catering for the economy tourist.
	Other				Phase III: To absorb anticipated economy class tourist demend.
Phang Nga	Bay				Phase I: To develop international class accommodations in conjunction with Andaman Cultural Resources Center development.
					Phase III: To establish a tour base for hinterland sightseeing development. To meet the demand for international and economy class mixed accommodation development.
	Thai Muang Khok Kloi				Phase II: To develop a new international class resort complex, adding economic impact to the area.
					Phase III: To emphasize resort complex development with local financial participation and cooperation.
	Town				Phase III: To develop a tourism base and to absorb anticipated economy class tourist demand.
Krabi	Krabi Beach				Phase II: To develop a specific international class base, adding economic impact to the area.
					Phase III: To improve new beaches for nature loving tourists.
	Town				Phase II & III: To develop simple urban hotels in conjunction with beach development.

2.2 TOURISM DEVELOPMENT STRATEGIES

The 6th National Plan has placed special emphasis on international tourism promotion, realizing that the tourism industry will contribute greatly to boosting the national economy and balancing the country's trade deficit. The tourism sector enjoyed a 12.2% growth rate during the 5th National Plan period and, based on such an impressive, performance, the 6th National Plan has set a target of a 7.4% annual growth rate.

● National Policy for Torism Development

Appreciating and understanding the national context, the internationalization of tourism is a key issue in the tourism development in Phuket, especially in Southern Region. To achieve this goal of internationalization, a two-fold policy should be undertaken. First, selected potential tourism areas should be strategically pinpointed as tourism growth centers or hubs and second, local tourism activities such as festivals, cultural shows, food fairs, and sports events, etc, should be encouraged to ensure a dispersed local and community development approach for the long run.

● Internationalization of Tourism

● Growth Pole and Dispersed Strategies

The specific policies for tourism development in Greater Phuket are as follows:

a. The most important objective of the study is the implementation of plans, as confirmed by JICA, the Ministries of Transport and Foreign Affairs on the Japanese side, and TAT, RFD, FAD and other related government organizations on the Thai side.

● Implementation of Plans

b. TAT, a Thai representative in the Study, carried out project studies on major tourist areas across the nation and formulated master plans of priority areas for the past 10 years. The fact is, however, that the projects have not yet been launched, as various problems remain unsolved. With the latest plan, TAT has attempted to shift priority to the implementation of plans from the formulation of master plans.

● TAT's Prospect

c. Tourism development in Thailand has been virtually monopolized by the private sector without government intervention. Consequently, hotel development comes first when a tour craze sweeps the nation, with public investment lagging behind. In many cases, environmental, regional, and social and cultural problems remain unsolved. What's worse, "clean water," the most important asset at a beach resort, disappears, as in Pattaya, leading to the loss of a basis for a resort.

● No Coordenation between Government and Private Sectors

d. In the Phuket cluster, the subject of this Study, tourist demand has been growing rapidly in recent years with booming investment by the private sector. It is following in the footstep of Pattaya. In order to put a brake on unbridled investment and create a desirable tourism area, it is necessary to set development goals with a clear-cut image of what the area should be, invite active government participation in the development, impose restrictions and lead the private sector according to appropriate development guidelines.

● Government Initiation and Guidelines

The Study focused on what the government ought to do in tourism development and how the government should make the best use of the powerful potential of the private sector. After in-depth discussions on practical and minimum public investment and government roles, the following development policies and strategies were established.

● Government Role in Tourism Development

1) PROMOTION OF THE INTERNATIONAL MARKET

The tourism development objectives in the 6th National Plan have already been achieved, thanks mainly to the "Visit Thailand Year" program. The number of foreign tourists to Phuket grew by 38.1 percent between 1985 - '86, making a great contribution to the attainment of the national goal. The policy of developing Phuket into an international tourist resort center could be continued in the 7th and 8th plans, together with the promotion of public relations activities to expand the international market. High expectations are pinned particularly on tourists from Japan, Hong Kong and Taiwan, and those from Malaysia and Singapore as well as domestic tourists in the monsoon season.

● Continuation of the National Policy of "Phuket into an International Tourist Resort Center"

2) CREATION OF A GREATER PHUKET RESORT ZONE TO BE PROMOTED AS AN INTERNATIONAL RESORT CENTER

The Phuket cluster has great resort potential because of its natural beauty. At present, the beach front resort centering on Patong beach in the southwest serves as a tourist resort center in Phuket. In future, a large-scale resort belt extending 50 kilometers will be constructed. The belt will include Phuket north and Phang Nga west coast. Moreover, tourist sites and tourist excursion routes (both sea and land) will be developed to meet growing demand for long-term stays and an increasing number and type of tourists.

● Greater Phuket Consists of "Resort Belt" and "Excursion Routes"

3) ORGANIZATIONAL SET-UP

Greater Phuket is an extensive tourism area covering the three provinces of Phuket, Phang Nga and Krabi, leading to a large number of organizations related to development. Therefore, the organizational set-up plays a key role in carrying out the projects. A new body to coordinate related government organizations should be established. The government organizations will be given more authority to control development by the private sector, while some development corporations are proposed to carry out specific projects in Thai Muang and Chalong.

● A New Government Organization

- **Investment in Nature.**
- **Environmental Guideline and monitoring Sistem.**
- **Community Development**
- **Culture and Educational Tourism.**
- **Public Beach and National Park Development.**

4) ENVIRONMENTAL CONSERVATION

The coral around many islands off Greater Phuket offer some of the most beautiful underwater scenery in the world. Rubber plantations and mangrove forests also offer natural beauty. Excellent natural environments should serve as the best tourism resources to lure tourists who will visit Greater Phuket for its rich nature. Therefore, the key to creating the Greater Phuket tourism area is investment in nature. It is the most significant to provide space for tourists to feel they are nestling in the bosom of nature, because this is what tourism means and it will lead to permanent profits for the private sector. It is also necessary to give proper guidance for development, as rich environments in a resort should meet the condition of both natural conservation and utilization of nature for development.

Toward this end, zoning regulations and design guidelines should be conceived so that these natural resources are preserved and protected, and that an ecological balance is maintained and visual attractiveness (beauty) enhanced. The formation of an environmental monitoring system should be part of the development program.

5) UP-GRADING OF SOCIO-CULTURAL ENVIRONMENT AND RESOURCES

Tourism development will have a great impact on the regional socio-economy and culture. As infrastructure development, local communities will be improved as service towns and villages. Souvenir shops and the food industry should be promoted and developed to meet international tourist demand. Employment opportunities will increase, bringing about a need for job training. At the same time, more cultural and historic resources need to be identified and involved in cultural and educational tourism development.

6) TO ENCOURAGE AND CATER TO THE DOMESTIC THAI TOURIST

The resorts of Greater Phuket attract international as well as domestic tourists, and it is anticipated that with a developing economy and with increases in personal income, more and more domestic tourists will also take advantage of new resort facilities. The overnight domestic tourist will undoubtedly be an attractive market to encourage by providing traditional Thai amenities and hospitality to Thai nationals.

In order to promote economical domestic tours, Phuket should consolidate its position as a resort destination for Thai people by improving public beaches and tourist service facilities in the National Parks.

7) MAJOR DEVELOPMENT PROJECTS TO BE IMPLEMENTED

The following list shows the main projects which the government should initiate in promoting tourism development of Greater Phuket;

a. Development of Tourism Resources

- Historic district in Phuket Town
- Tourism villages in Phuket and Phang Nga
- Archaeological/Historic sites in 3 provinces and the Andaman Cultural Resources Center in Phang Nga
- National parks in 3 provinces and training center in Phuket

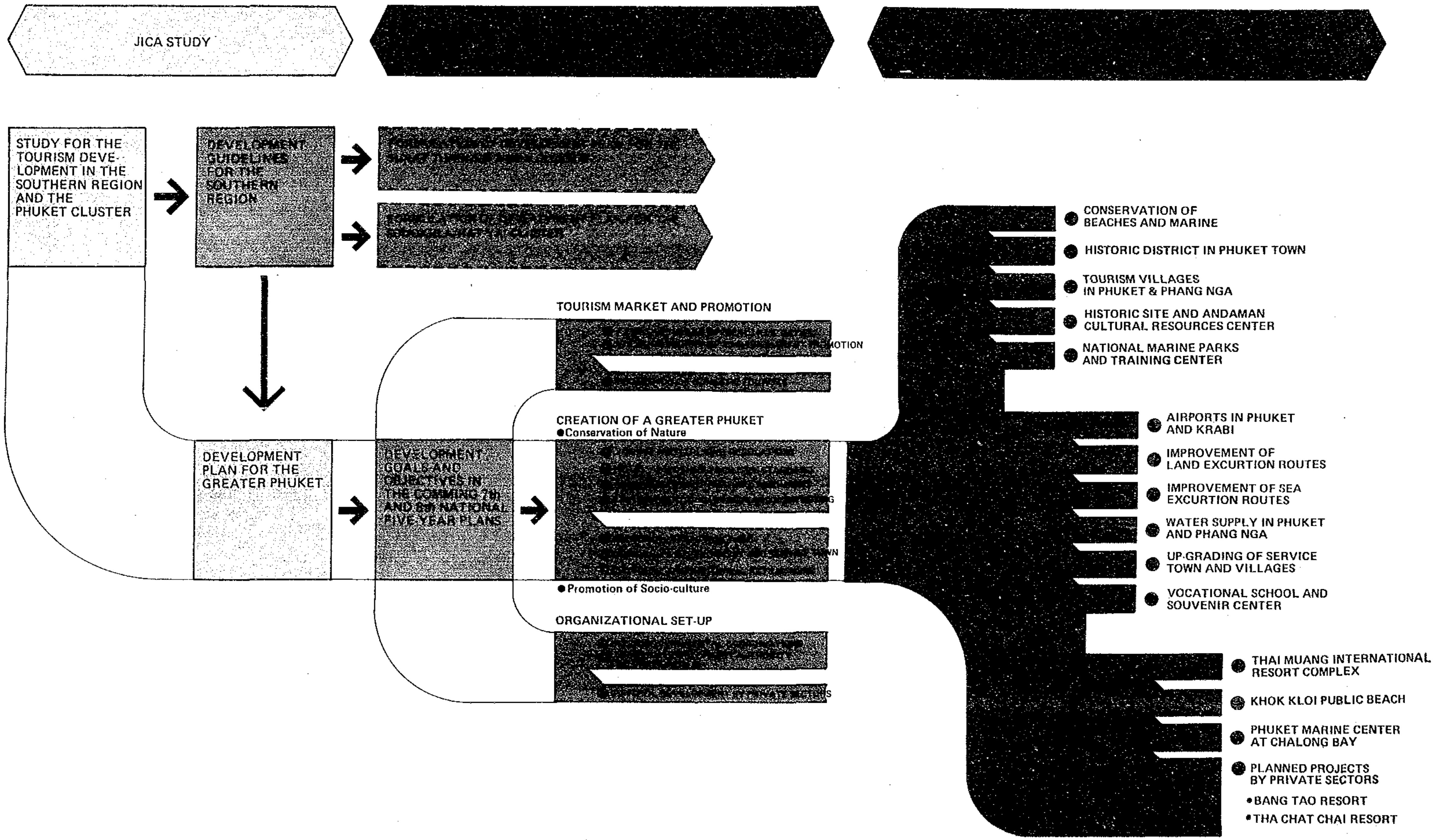
b. Up-grading of Tourism Infrastructure

- Airports in Phuket and Krabi
- Water supply in Phuket and Phang Nga
- Land excursion routes in 3 provinces
- Sea excursion routes in 3 provinces
- Service town/village improvement in Phuket and Phang Nga

c. Construction of New Resort Complexes

- Thai Muang International Resort and Khok Kloi Public Beach in Phang Nga
- Phuket Marine Center at Chalong Bay in Phuket

DEVELOPMENT POLICIES AND STRATEGIES FOR GREATER PHUKET



2.3 TOURISM RESOURCES AND THE SPATIAL DEVELOPMENT FRAMEWORK

2.3.1 RESOURCES

The Greater Phuket tourist area consist of three provinces spanning Phuket, Pang Nga and Krabi Provinces.

Phuket is steadily enhancing its reputation as an international beach resort. The long beach and natural landscape extending from the south end of the west coast to the northern part near Phang Nga is an outstanding international beach resort belt with high competitive quality.

- **Outstanding Internatinal Beaches**

Besides beaches, as shown in Fig. 2-3-1, there exist a considerable number of invaluable tourism resources in the Greater Phuket area which have yet to be developed or noted publicly. These involve not only cultural, historic, religious, and natural assets, but also the indigenous village industry.

- **Cultural and Village Tourism Attractions**

Pang Nga Bay is historically important in the Andaman sea area. It is rich in tourism resources with mysterious factors, including unique limestone mountains and many archaeological sites. Magnificent mangrove forests make the scenic resources more attractive.

- **Mysterious Phang Nga Bay**

Krabi is a rigorous port town with neatly formed streets. Like Phang Nga, it is rich in valuable natural attractions, such as archaeological sites (cave paintings), which are kept in good shape, and mangrove forests. The beaches have many potentials to develop as resorts for nature lovers.

Each of the three provinces has a Marine National Park, well-maintained in natural condition. They also have cultural tourism resources, including unique village forms, local industries and historically-important buildings.

- **Nature Lover's Krabi**

a. As for cultural resources,

- Historic architecture and streets in Phuket Town;
- Cultural resources (cave painting) in Phang Nga and Krabi.

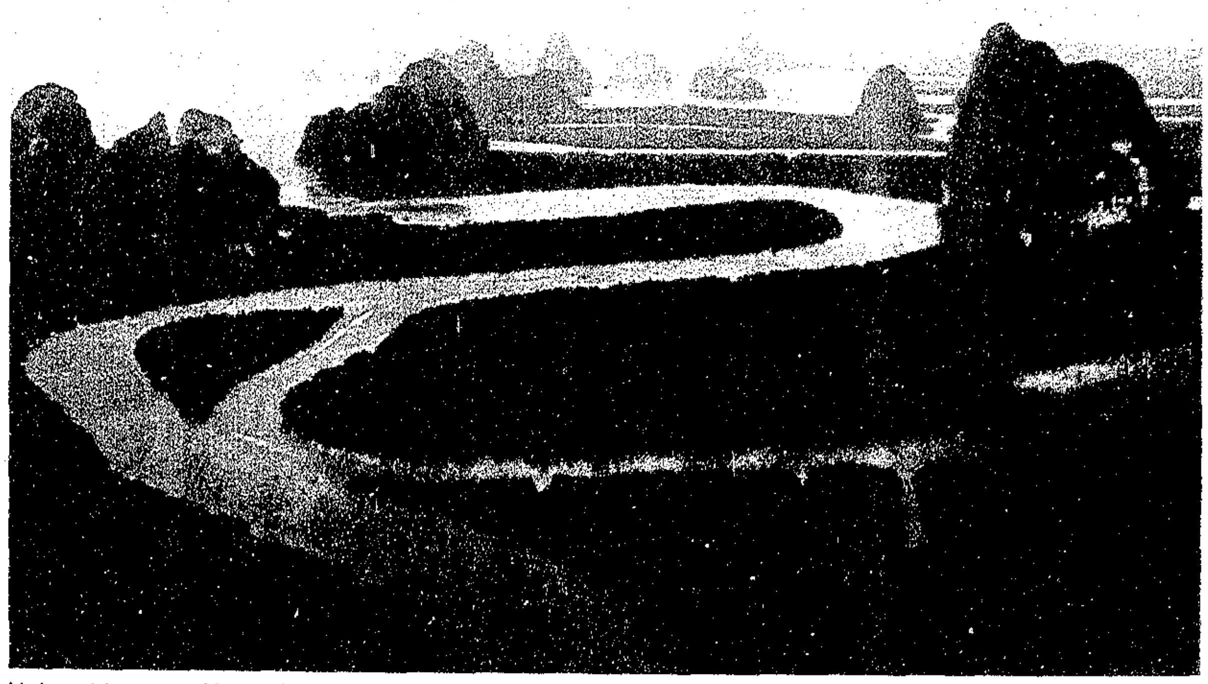
b. As for natural resources,

- Khao Lam Pi - Hat Thai Muang National Park in Phang Nga;
- Mu Ko Similan National Park;
- Ao Phang Nga National Park;
- Hat Nai Yang National Park; and
- Hat Nopharat Thara - Mu Ko Phi Phi National Park.

c. As for village/indigenous industry,

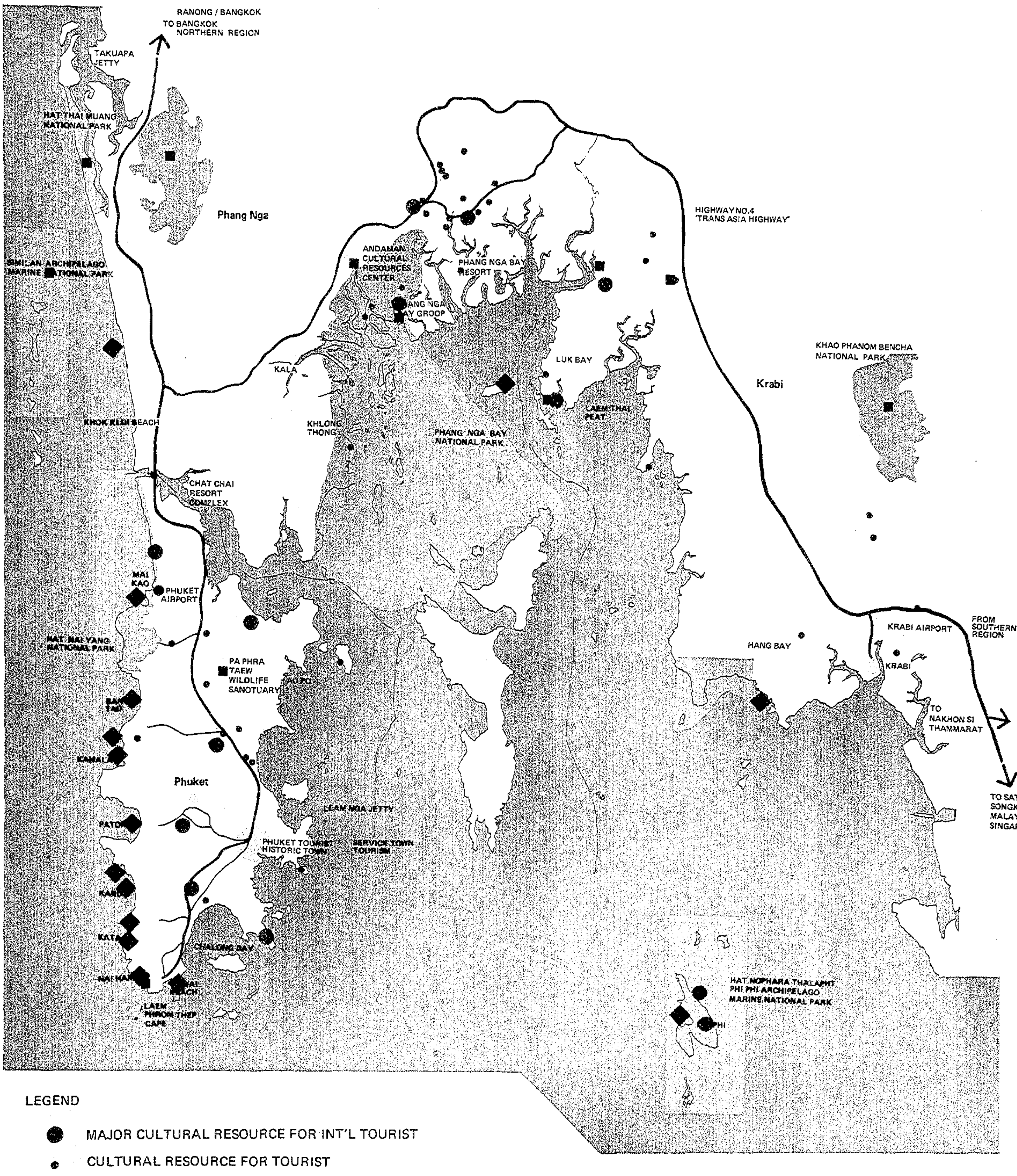
- Panyee "Sea Gypsy Village" in Phang Nga;
- Phara Woody Village in Phuket;
- Lipon Village (pottery industry) in Phuket; and
- Ban Kuan Village (rattan baskets and furniture industry) in Phuket.

It is recommended that these assets be integrated into the entire Greater Phuket tourism area in an appropriate way without any deterioration of their present value.



Unique Limestone Mountains in Phang Nga Bay

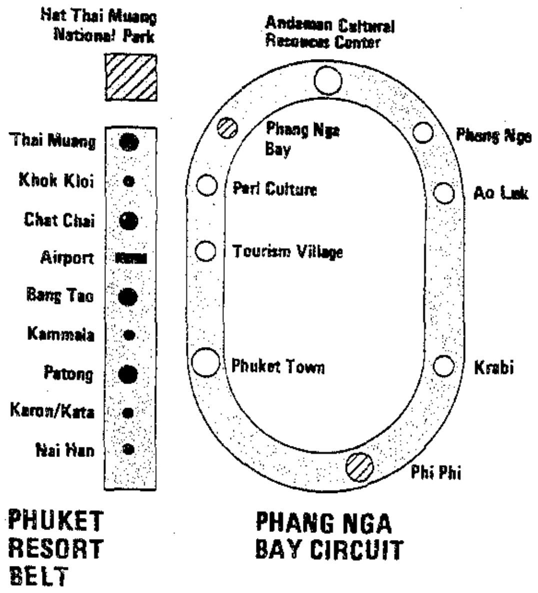
FIG. 2-3-1 TOURISM RESOURCES MAP



LEGEND

- MAJOR CULTURAL RESOURCE FOR INT'L TOURIST
- CULTURAL RESOURCE FOR TOURIST
- NATURAL RESOURCE
- POTENTIAL BEACH
- SERVICE TOWN
- NATIONAL PARK

2.3.2 DEVELOPMENT IMAGE



The existing resources/endowments are the basis of planning. The development plan was considered in such a way that these resources are fully utilized for formation of a new orderly structure. Based on this recognition, a spatial tourism development framework in Greater Phuket is depicted as shown in Fig. 2-3-2. This spatial image is represented by the planning concepts as follows:

The Greater Phuket tourism structure is comprised of two areas: the Phuket Resort Belt and the Phang Nga Bay Circuit.

1) PHUKET RESORT BELT

This belt is about 100 km (60 miles) long from the west coast strip of Phuket Island through the Hat Thai Muang National Park in the west part of Phang Nga, facing the Andaman Sea. This belt consists mainly of beach resorts with a wide variety of attractiveness and natural features. International marine resort facilities are located in this belt in a manner harmonized with nature. In the middle of this belt, an international gateway, Phuket International Airport, is located.

2) PHANG NGA BAY CIRCUIT

This circuit is the area enclosed by Phuket Island, Phang Nga, Krabi and Phi Phi Island, consisting of various sorts of tourism resources, i.e., pearl culture farming in Phuket, an archipelago with fantastic features in Phang Nga, a number of invaluable cultural assets, and nature-oriented resorts in Krabi and coral and beautiful seas around Phi Phi Island. As a center of this circuit, it is recommended that an "Andaman Culture Resources Center" be established in collaboration with the relevant agencies. The center will be responsible for managing various cultural and natural assets and introducing the value of these assets to the public.

● Sea Network Development

A comprehensive transport network consisting of air, land and sea transport systems serving Greater Phuket, is structured with a hierarchical inter-modal system based on the concept diagram shown in Table 2-3-1 and as follows:

- Primary Network : to ensure international linkages with the major markets.
- Secondary Network: to provide inter-regional linkages to integrate regional tourism assets.
- Tertiary Network : to serve the Greater Phuket by Linking the local tourism area together.

3) TOUR ROUTES FORMATION

In the setting of Greater Phuket as delineated above, two kinds of tour routes are planned: the land and sea excursion routes as shown in Fig. 2-3-3.

● Land Excursion Route

Land Excursion Route: This route starts from the southern end of the Phuket Island up to Krabi though Phang Nga province along National Highways Route 402 and 4. On this excursion route, tourists may travel at cultural and historic places, villages, natural interest places.

● Sea Excursion Route

Sea Excursion Route: two routes are planned, i.e., the Phang Nga Bay Cultural Tour Route to visit cultural and natural spots located in the Phang Nga Bay and the Andaman Marine Tour Route to visit the Similan Marine National Park and the Phi Phi Marine National Park.

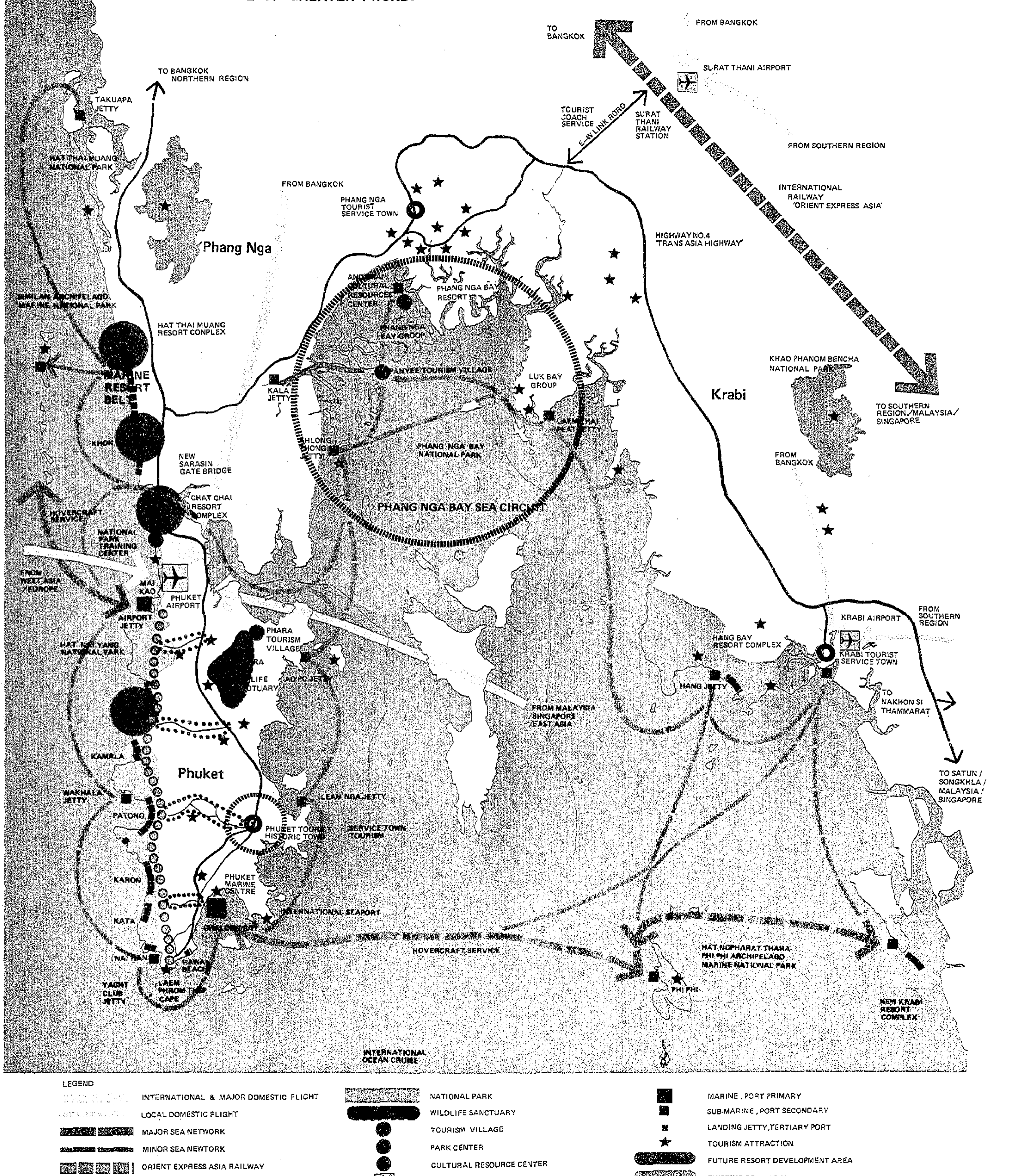
By combining various tour destinations and potentials as identified in Fig. 2-3-2, many more tours with added attractions and interests can be initiated, subject to the implementation of the projects and the developments as detailed in the Study.

Specimens of the proposed tours are shown Table 2-3-3, with classified tour themes and corresponding tour routes.

TABLE 2-3-1 COMPONENTS OF A COMPREHENSIVE TRANSPORT NETWORK DEVELOPMENT

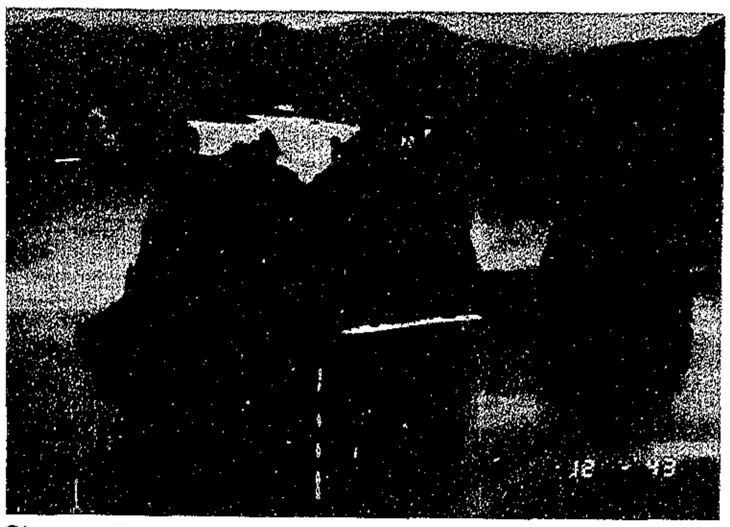
Orderly System	Transportation			Major Transport Nodes
	Air-Transport	Sea-Transport	Land-Transport	
I. Primary Network	* International air-routes * Domestic Air-Route to/from BKK	Ocean-Going Cruising	* Asian Highways (#4, #41) * East-West Link * Orient Express (Singapore - BKK)	- Phuket Internatinal Airport - Phuket Deep-Sea Port - Phuket Marine Center - SRT Railway Station (Surat Thani)
II. Secondary Network	* Domestic Air-Route to/from Hat Yai, to/from Surat Thani	* Coastal Sea-Transport Services (Major Routes)	* National Highways (#401, 402, 4040)	- Surat Thani Airport - Primary Port (Marine Center) - Inter-Regional Bus Terminal (Phuket)
III. Tertiary Network	* Feeder Air=Route b/w Phuket and Krabi * Air Excrusion Route	* Coastal Sea-Transport Services	* Provincial/Local Highways * Phuket West Coast Link	- Krabi Airport - Secondary Ports - Bus/Taxi Terminals - Heliports

FIG. 2-3-2 DEVELOPMENT IMAGE OF GREATER PHUKET



PHANG NGA BAY CULTURAL TOUR

Mangrove Forest Channel



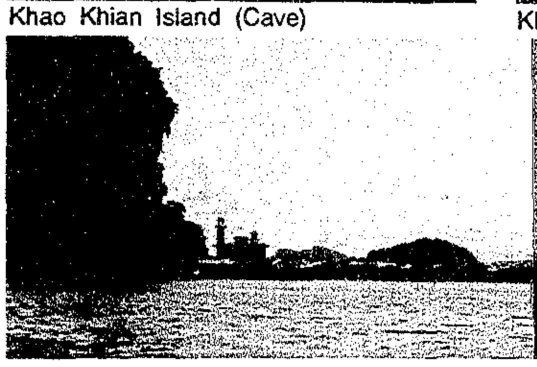
Characteristic Rock

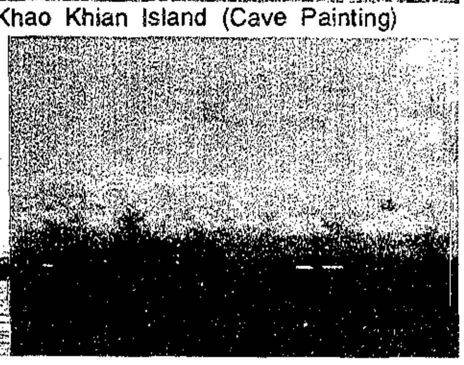
Phang Nga Bay Boat Tour

Kao Pinggan (James Bond Island)

Khao Khian Island (Cave)

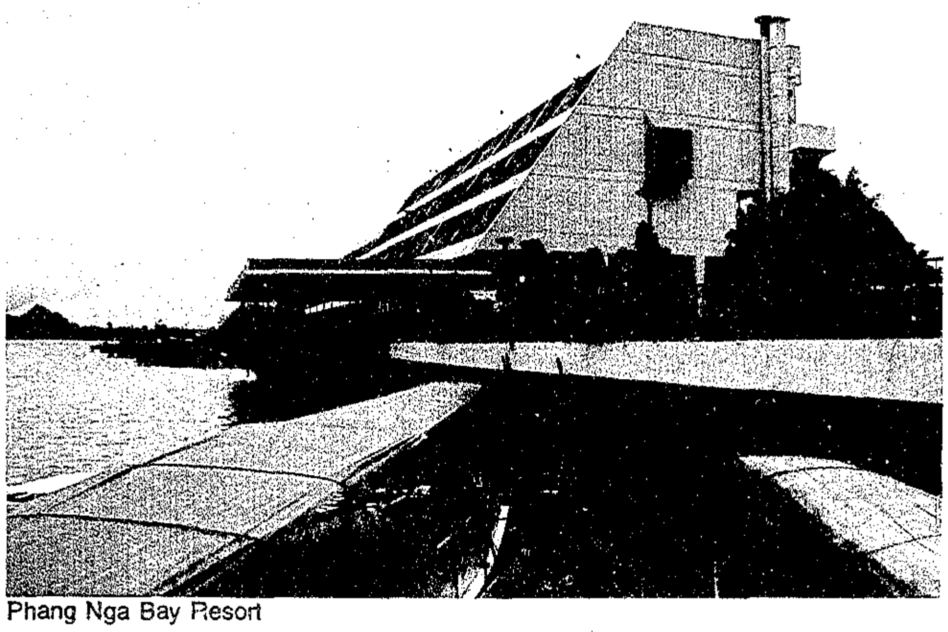
Khao Khian Island (Cave Painting)





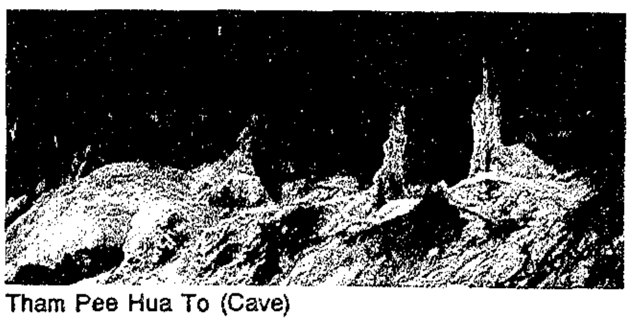
Panyee Village

Kao Pinggan (Slide Stone)



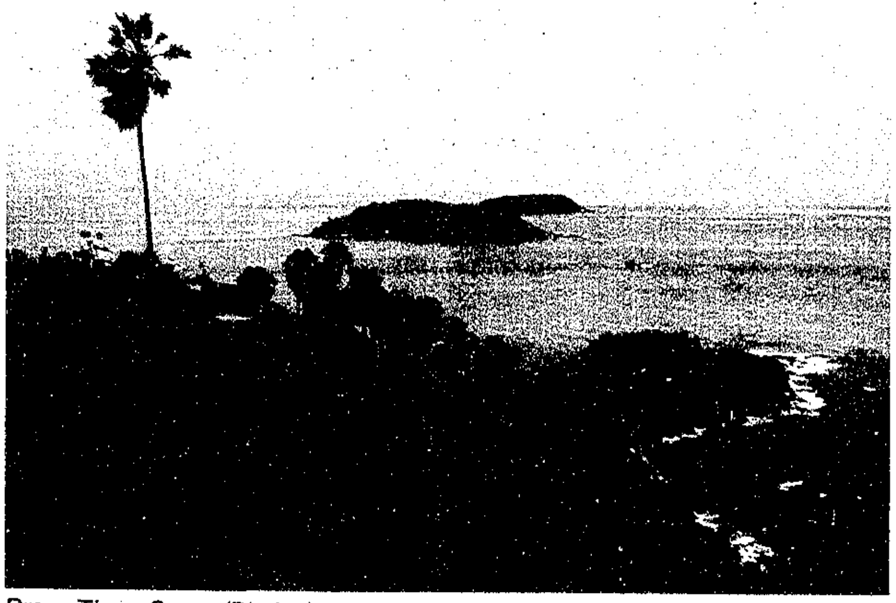
Phang Nga Bay Resort

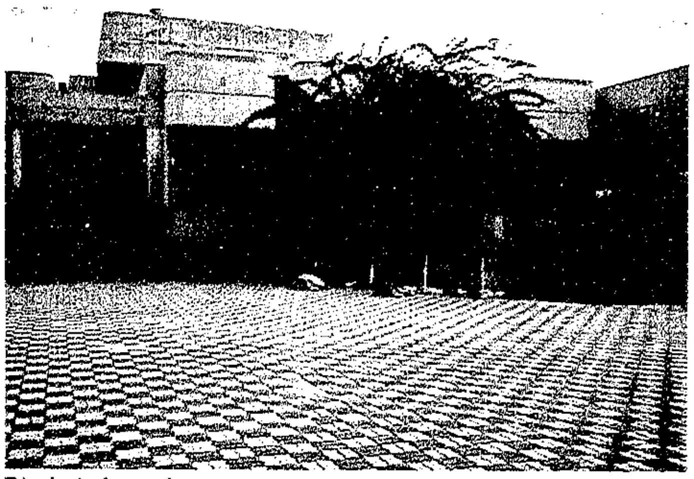
Tham Pee Hua To (Cave Painting)



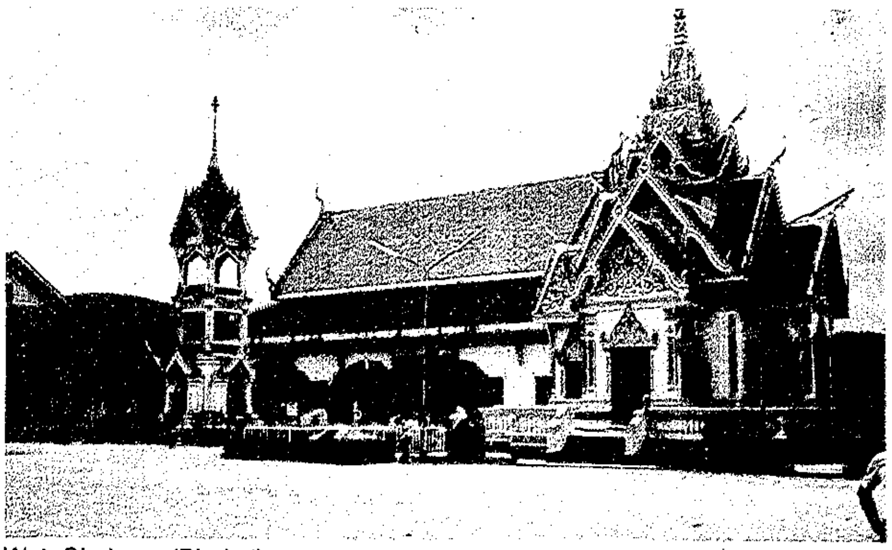
Tham Pee Hua To (Cave)

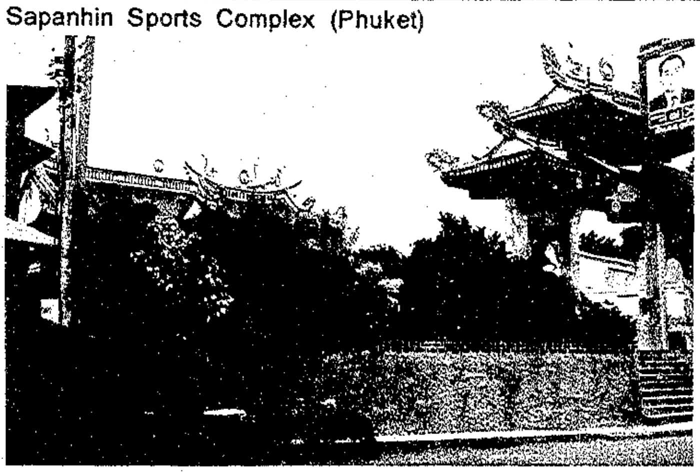
LAND EXCURSION

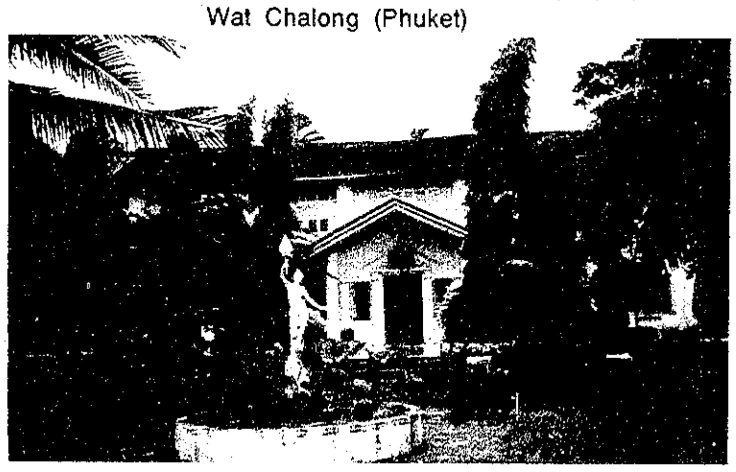

Prom Thep Cape (Phuket)


Phuket Aquarium

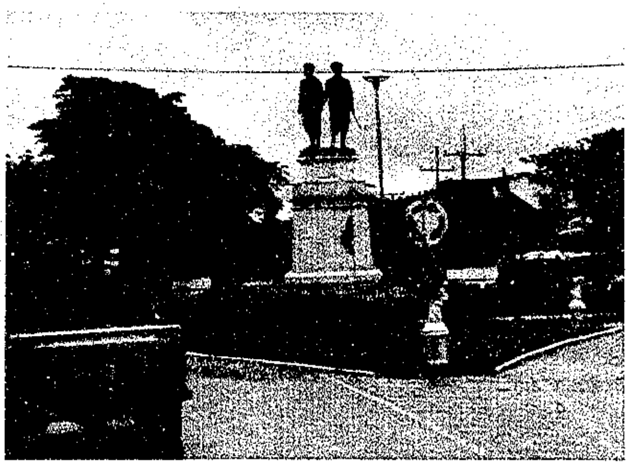

Sapanhin Sports Complex (Phuket)


Wat Chalong (Phuket)

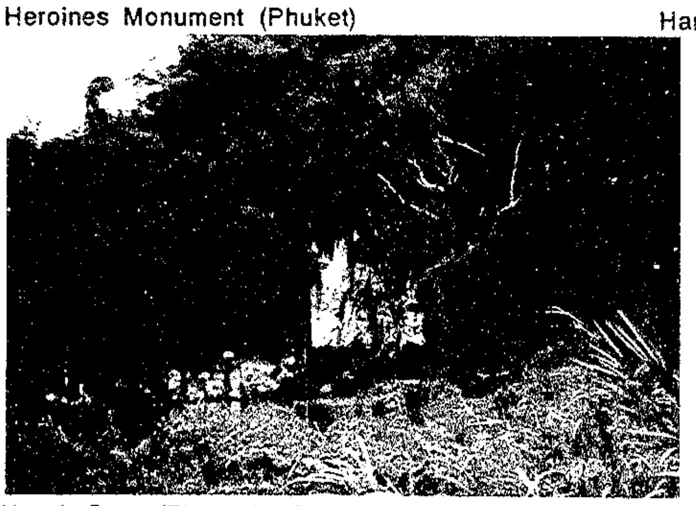

Chinese Temple (Phuket Town)


Chin Pracha House (Phuket Town)


Vegetarian Festival (Phuket)*


Heroines Monument (Phuket)


Handicraft Center (Phuket)


Hermit Cave (Phang Nga)

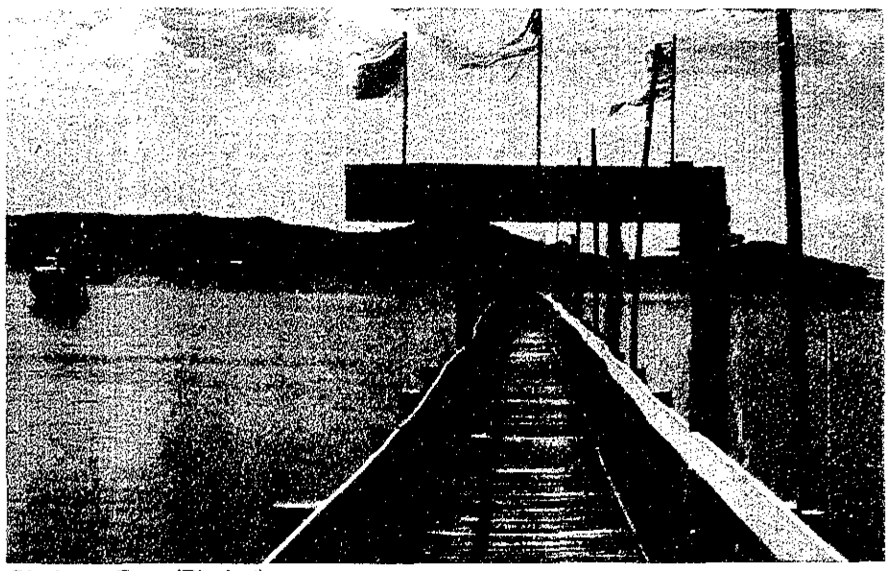

Shell Fossil Site (Krabi)

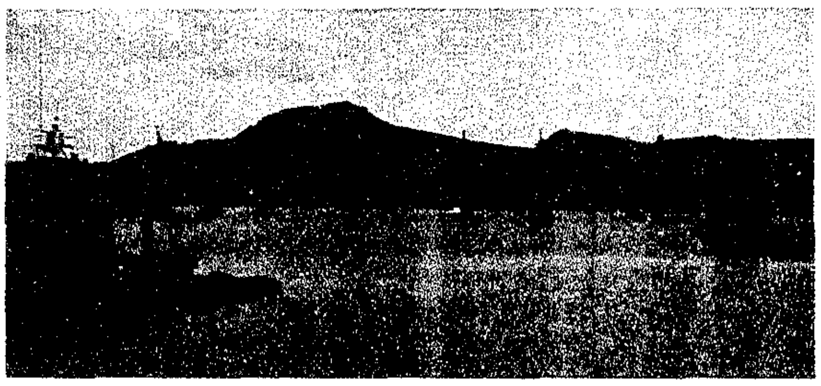
* Source: 'PHUKET' by ASIA BOOKS


Similan Island (Post Card by Pisit Jiropas)


Similan island (Post Card by Pisit Jiropas)


Similan Island (Post Card by Pisit Jiropas)


Chalong Bay (Phuket)


Chalong Bay (Phuket)


Phi Phi Island .


Prayanaga Cave (Viking Cave)-Phi Phi Island


Phi Phi Island

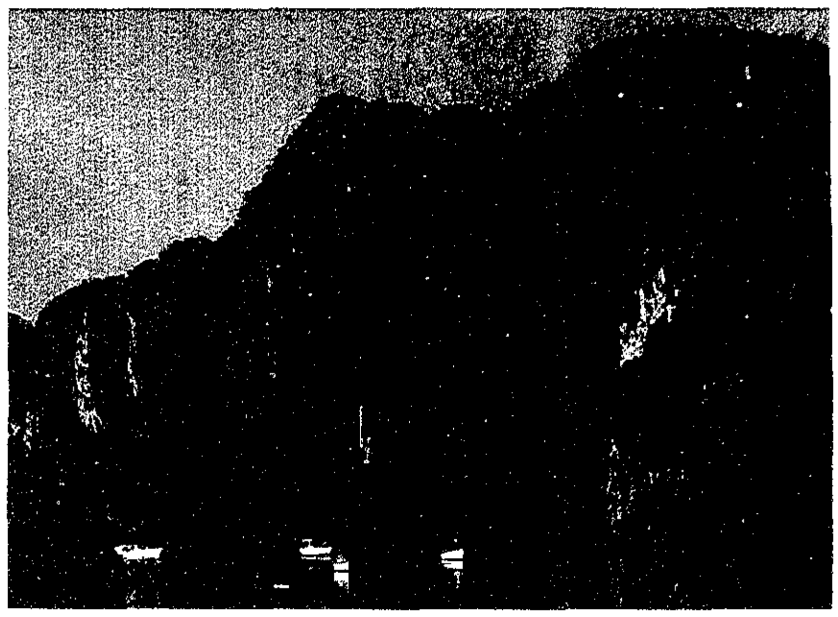

Phi Phi Island

FIG. 2-3-3 DESTINATIONS AND POTENTIALS

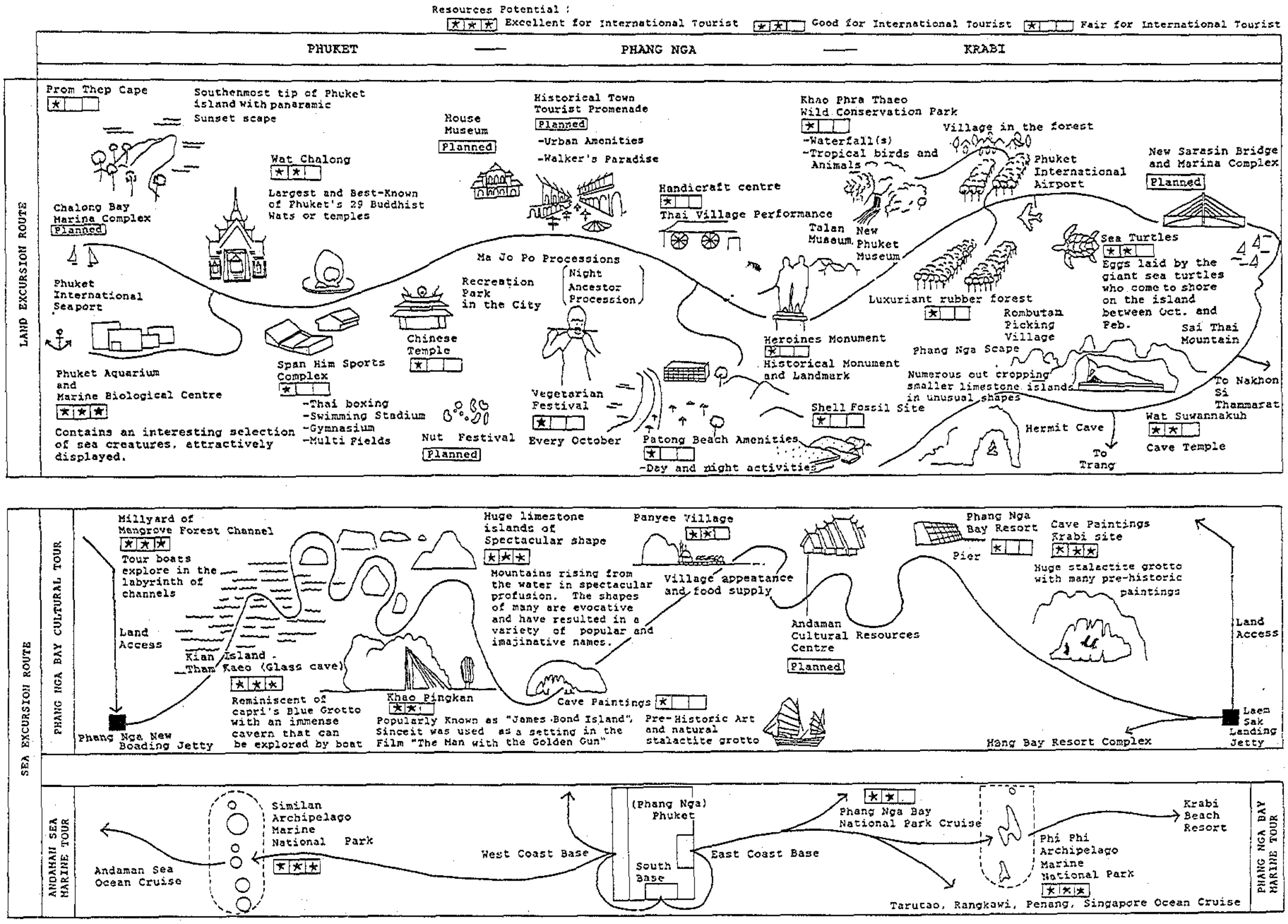


TABLE 2-3-2 SCHEDULED AND PACKAGED TOURS AVAILABLE AT PRESENT

TOUR NAME	TOUR ROUTE
1) Phang Nga Excursion (A)	Phuket - (speed boat) - Panyee Village - (small outboard boat) - mangrove channels/Khao Pingan - (speed boat) - Phuket
2) Phang Nga Excursion (B)	Phuket - (motorcoach) - Phang Nga Bay - (small outboard boat) Panyee Village mangrove channels, Khao Pingan - Phang Nga Bay - (motorcoach) - Phuket
3) Phi Phi Cruise	Phuket - (speed boat) - Phi Phi Marine National Park - (speed boat) - Phuket
4) Phuket Town for half day	Phuket - (motorcoach) - market stroll, town center and Rang Hill for the panorama of the town - Phuket

TABLE 2-3-3 PROPOSED TOUR AND ROUTE

TOUR NAME	TOUR THEME	TOUR ROUTE
I) Phang Nga Scenic Wonders	Scenic Sights	(1)(2) - (high speed boat) - Phang Nga Bay National Park (Khao Pingan, mangrove channels, huge limestone rock formations) - (motorcoach via Phang Nga Tourist Service Town) - (1)(2)
2) Andaman Sea Culture	Culture/History	(1)(2) - (high speed boat) - Andaman Culture Resource Centre (lecture) - caves and cave paintings' inspection - (motorcoach via Phang Nga Tourist Service Town) - (1)(2)
3) Panyee Gypsy	Ethnic Village (Sea Gypsy)	(1)(2) - (high speed boat) - Panyee Gypsy Tourism Village (village life inspection, with option to Khao Pingan, mangrove channels, etc.) - (motorcoach via Phang Nga Tourist Service Town) - (1)(2)
4) Phara Woody Life	Ethnic Village (Plantation, Pottery)	(1)(2) - (high speed boat) - Phara Woody Tourism Village (Rubber plantation, pottery demonstration) - (motorcoach via Heroines Monuments, handicraft centres) - (1)(2)
5) Natural Reserve	Naturalist	(1)(2) - (motorcoach) - Hat Thai Muang National Park/Pa Phra Taew Wildlife Sancturay - (motorcoach) - (1)(2)
6) Marine Life	Naturalist	(1)(2) - (boat/coach) - Phuket Aquarim/Marine Biological Centre (lecture) - (motorcoach) - (1)(2)
7) Turtle Egg-Laying (Oct. to Feb.)	Naturalist	(1)(2) - (boat with onboard dinner, observing magnificent sunset) - Egg laying by giant sea turtle (lecture) - (motorcoach) - (1)(2)
8) Phi Phi Cruise	Scenic Sights, Naturalist	(1)(2) - (high speed boat) - Phi Phi Archiperago Marine National Park (visit to viking cave/bird's nest cave, snorkeling/diving for marine life watching) - (high speed boat) - (1)(2)
9) Similan Cruise	Naturalist	(1)(2) - (high speed boat) - Similan Archipelago Marine National Park (snorkeling/diving/fishing) - (high speed boat) - (1)(2)
10) Phuket Town	Scenic Sights	(1)(2) - (motorcoach) - Phuket Town (market, temples, Thai Village show, shopping malls) - (motorcoach) - (1)(2)
11) Historic Phuket	Culture/History	(1)(2) - (motorcoach) - Phuket Town (Historic Town Tourist Promenade, House Museum with lecture) - (motorcoach) - (1)(2)
12) Sunset Cruise	Scenic Sights	Major resort bases - (boat with onboard dinner, observing magnificent sunset in the Andaman Sea) - major resort bases

Remarks: Scheduled and Packaged Tours that can be initiated in the GREATER PHUKET AREA subject to the implementation of planned projects and developments.
(1) denotes Phang Nga West Resort Complex
(2) denotes Chalong Bay Marina Centre