

Pacific Region

Pacific Region  
Data Collection Survey on  
Tourism Industry Promotion  
in the Pacific Region

Final Report

January 2022

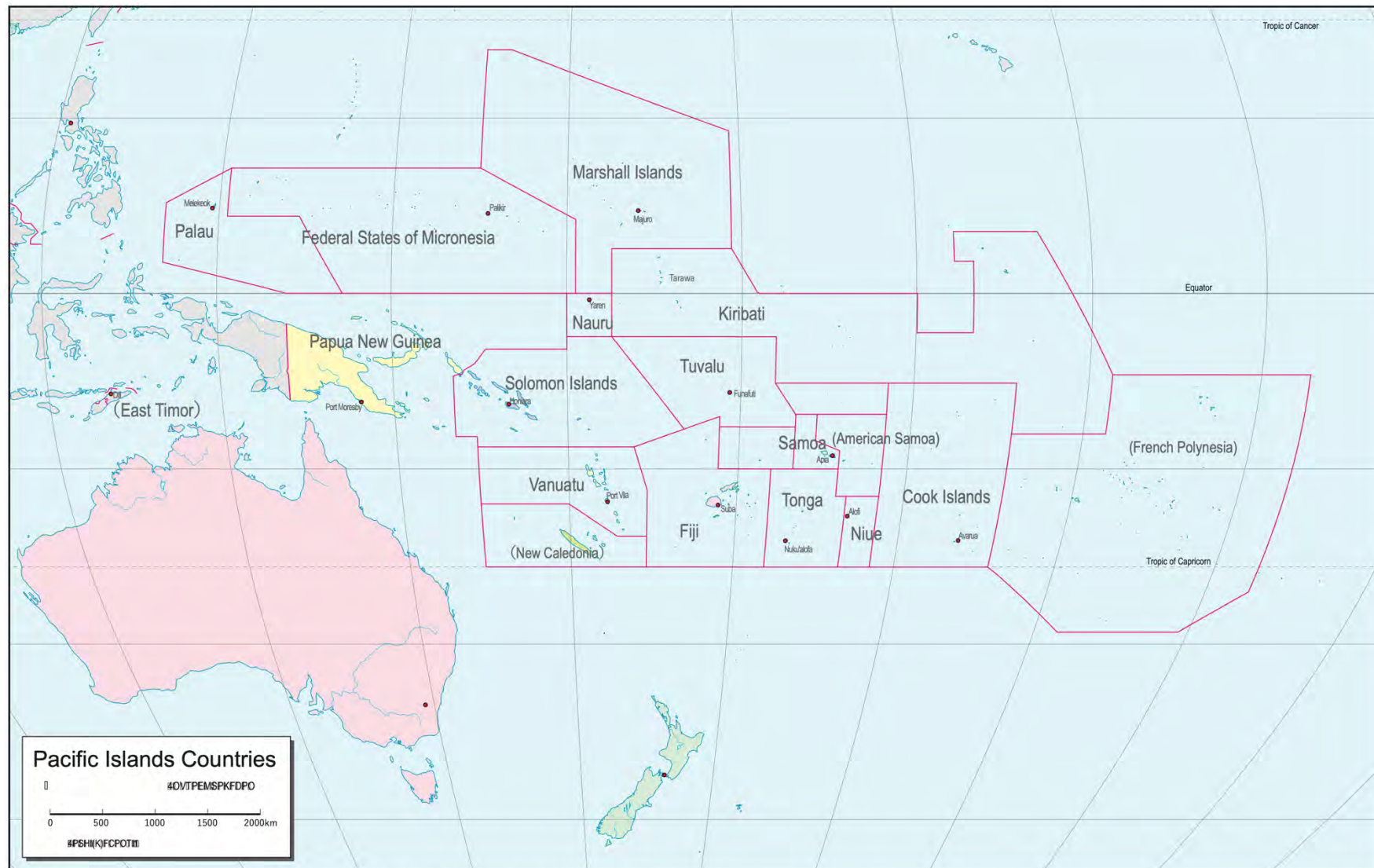
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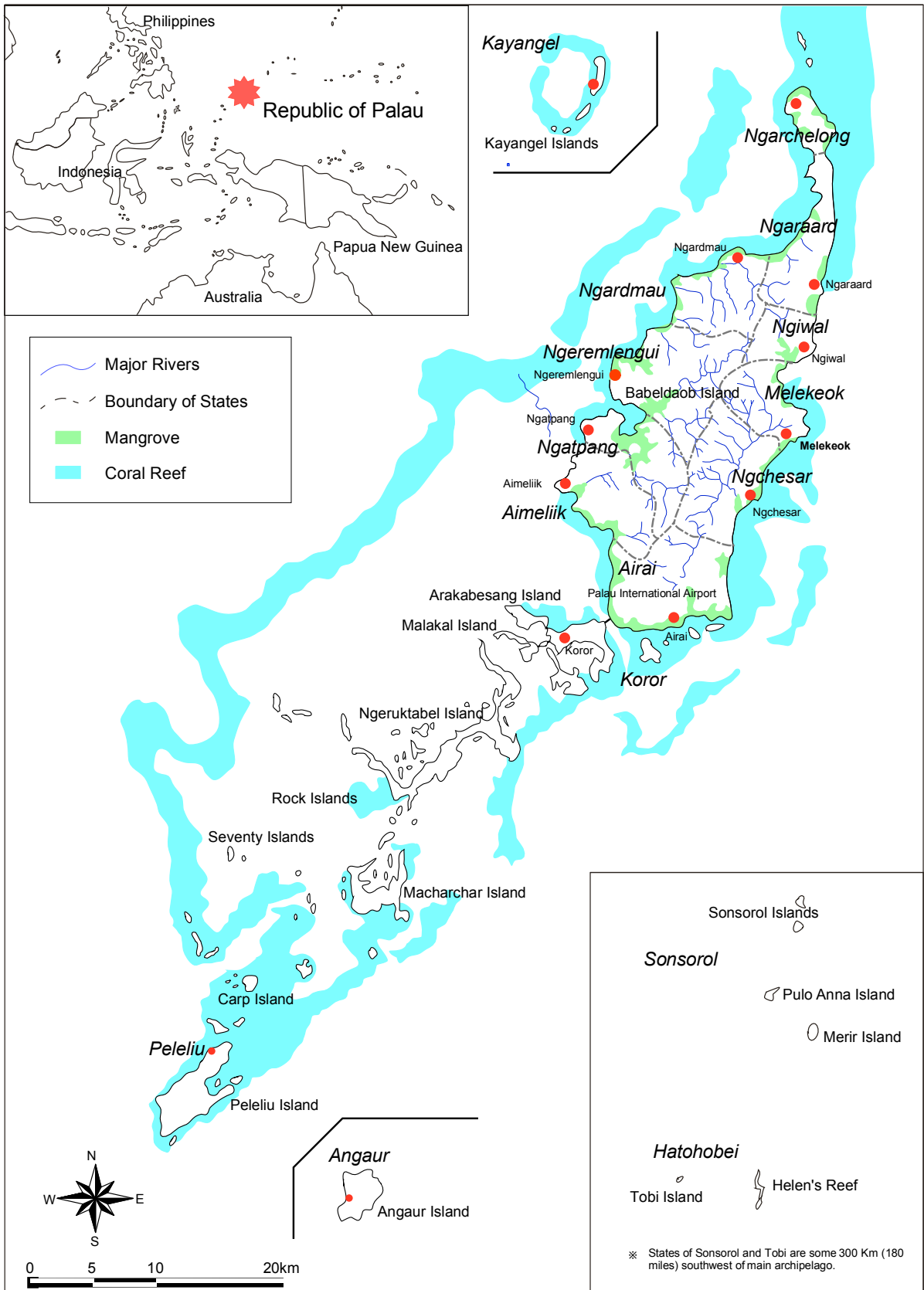




Name of country : Countries covered by MOFA's Country Assistance Policy for Respective Countries (14 countries)

Name of country or area in parentheses: Not included MOFA's Country Assistance Policy for Respective Countries but covered by SPTO Annual Tourist Arrival Report (4 countries & areas)

**Study Area: Pacific Island Countries**



**Study Area: Republic of Palau**



# Data Collection Survey on Tourism Industry Promotion in the Pacific Region

Final Report

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## List of abbreviations

APTEC	Asia-Pacific Tourism Exchange Center
ASEAN	Association of South East Asian Nations
BCET	Babeldaob Island Community-Based Eco-Tours
BOT	Bureau of Tourism, Ministry of Human Resource, Culture, Tourism & Development
CBT	Community Based Tourism
China	People's Republic of China
CLIA	Cruise Lines International Association
DESA	Department of Economic and Social Affairs
EEZ	Exclusive Economic Zone
EconMap	The Economic Monitoring and Analysis Program
FSM	Federal States of Micronesia
GEF	Global Environmental Facility
GDP	Gross Domestic Products
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ICDF	International Cooperation and Development Fund
IMO	International Maritime Organization
IMO	International Migration Organization
IVS	International Visitor Survey
JICA	Japan International Cooperation Agency
MFAT	Ministry of Foreign Affairs and Trade
MICE	Meeting, Incentive, Conference (Convention), and Exhibition (Event)
MOFA	Ministry of Foreign Affairs of Japan
NTCB	National Tourism Coordination Board
OECD	Organisation for Economic Co-operation and Development
PAN	Protected Areas Network
PARIS21	The Partnership in Statistics for Development in the 21st Century
PEC Fund	Pacific Environment Community Fund
PIC	Pacific Islands Centre
PALARIS	The Office of the Palau Automated Land and Resource Information System
PNG	Independence State of Papua New Guinea
PNMS	Palau National Maritime Sanctuary
PPEF	Pristine Paradise Environmental Tax

PRFT	Palau Responsible Tourism Framework 2017 - 2021
PSDI	The Pacific Private Sector Development Initiative
PTDI	Pacific Tourism Data Initiative
PVA	Palau Visitors Authority
RSOAP	Regional Support Office for Asia and Pacific
SDGs	Sustainable Development Goals
SIDS	Small Island Developing States
SPC	Pacific Community
SPF	Sasakawa Peace Foundation
SPTO	Pacific Tourism Organization
STC	State Tourism Council
UN	United Nations
UN OHRLLS	Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
UNCTAD	United Nations Conference on Trade and Development
UNWTO	World Tourism Organization
WHO	World Health Organization
WTTC	World Travel & Tourism Council

## Introduction

### Background of the survey

Pacific Island Countries (hereinafter referred to as PICs) are rich in cultural resources as well as the natural environment that can appeal to visitors. However, these resources are not fully utilized as tourism products, and there are issues such as poor access and inadequate infrastructure in most countries. As a result, the competitiveness of the tourism industry is lower than the developed tourism countries such as Hawaii, Mariana Islands, French Polynesia, New Caledonia, etc.

Among the PICs, some countries are ones with the highest contribution of tourism and tourism-related industries to GDP and employment<sup>1</sup>. However, mass tourism led by foreign private capital in these countries has a limited contribution to the local economy, as much of the profit is taken out to the home country, or tourism workers are often accompanied from the home country. It would also be at risk of a sudden and sharp increase and decrease in tourism<sup>2</sup>.

Palau has developed a new tourism development strategy which is not to target the mass market but to focus on high-end tourists. The aim of this strategy is to promote sustainable tourism development initiated by Palauan people and to achieve both the utilization and preservation of natural and cultural resources. How to implement the strategy is also a major challenge<sup>3</sup>.

On the other hand, it is observed that a vicious circle has arisen in which the tourism industry does not develop, although tourism has the potential to become the main industry in some latecomers in tourism development in PICs. An example of the vicious circle is the traditional land ownership system has become a detriment, and the development of tourism infrastructure has not progressed, resulting in the outflow of excellent people seeking employment overseas. These countries need to have measures to break this vicious circle.

With the above background, this survey aims to collect and analyze detailed information on the current status of the tourism sector in the PICs and to examine the direction of JICA's cooperation that will contribute to the sustainable tourism development and tourism-related industries in the PICs.

### Objectives of the survey and survey area

The objectives of this survey are to:

- Collect data and information on the current situation of the tourism sector in the Pacific Islands

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<sup>1</sup> Refer to Table 02 “Tourism development indicators of Pacific Island Countries” at the beginning of this report for detail.

<sup>2</sup> <https://jp.reuters.com/article/pacific-china-palau-idJPKCN1L70DQ>

<sup>3</sup> Examples of measures in line with this strategy include a ban on commercial fishing in the Exclusive Economic Zone (although fishing boats from Okinawa are accepted due to historical reasons), and a ban on the use of sunscreen creams that contain ingredients that are harmful to coral reefs and marine life which have been in place since 2020.

Countries, and

- Examine and propose future cooperation measures by JICA to support the promotion of tourism development and tourism-related industries in the three Micronesian countries (Palau, FMS, and the Marshall Islands).

As of December 2021, the epidemic of the novel coronavirus pneumonia (COVID-19) is sweeping the world, and the tourism sector in the Pacific Islands countries has been severely damaged as well as the world tourism industry. In carrying out this survey, the survey team will examine the direction of recovery from the damage and the support measures to be taken.

In this survey, "Pacific Island Countries (PICs)" are defined as the 14 countries that the Ministry of Foreign Affairs of Japan (MOFA) has prepared Country Assistance Policy for Respective Countries. When the survey team will collect information from the South Pacific Tourism Organization (SPTO) on the tourism sector in Pacific Island countries, however, data and information on other countries and economies than 14 countries which are included in SPTO's Annual Visitor Arrivals Report will also be collected. Table 1 shows the 14 countries covered by the MOFA's Country Assistance Policy for Respective Countries and the other five countries and regions included in the SPTO's Annual Visitor Arrivals Report.

**Table 1: Countries covered by this survey**

Items	Micronesia	Melanesia	Polynesia	Others
Countries covered by Country Assistance Policy for Respective Countries	Kiribati Nauru* Palau Marshall Islands FSM	Solomon Islands Vanuatu Papua New Guinea (PNG) Fiji	Cook Islands Samoa Tuvalu Tonga Niue	-
Countries and regions covered by SPTO Annual Tourist Arrival Report (added to the 14 countries listed above)	-	New Caledonia	American Samoa French Polynesia Wallis & Futuna	East Timor

Note: \*Nauru is included in Micronesia in terms of its ethnic characteristics, but it is also strongly influenced by Polynesia and Melanesia.

Source: MOFA Country Assistance Policy for Respective Countries; SPTO Annual Visitor Arrivals Report annual issues

PICs are divided into three regions: Micronesia<sup>4</sup>, Melanesia and Polynesia. Table 1 also shows the classification of these regions.

## Survey schedule

This survey started in March 2020. Due to the global outbreak of the Covid-19 since the beginning of 2020, the study team couldn't conduct information collection work at the Pacific Islands. Therefore, the survey team has been collecting and analyzing written information in Japan and interviewing organizations related to tourism in the PICs until March 2021. The organizations interviewed during the

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<sup>4</sup> Micronesia is a term used to describe both a nation (the Federated States of Micronesia) and a region. In this report, Micronesia as a nation is referred to as the Federated State of Micronesia (FSM).

period are shown in Table 2.

**Table 2: Interviewed organizations for the information collection**

Date	Organization	Interviewees
April 27, 2020	Ministry of Finance Bureau of Tourism, Ministry of Natural Resources, Environment & Tourism Palau Visitor Authority	Ms. MOREI Eve Hida
April 30, 2020	Consultant for Asian Development Bank	Ms. Sara Currie
May 1, 2020	UNWTO Regional Support Office for Asia and Pacific (RSOAP)	Ms. Alcinda Louise Trawen
June 1, 2020	Sasakawa Peace Foundation (SPF)	Mr. Hideyuki Shiozawa
June 1, 2020	Faculty of Tourism, Department of Tourism, Wakayama University	Prof. Kumi Kato
June 26, 2020	Non-Profit Organization Ecoplus	Ms. Takako Takano Mr. Junichi Omae
July 22, 2020	South Pacific Tourism Organization (SPTO)	Ms. Christina Gale, Mr. Kotoyawa Tawani

Source: Survey team

Subsequently, the Palau Branch Office was reorganized into the Palau Office in January 2021, and a new Chief Representative and planning coordinator were dispatched to the site in April. Although it was difficult to travel to Palau, it was decided to collect information remotely from the government and private sectors, and NGOs related to tourism and to examine the direction of the tourism development for Palau because of the progress of vaccination and the fact that there were no cases of COVID-19 infection in Palau. Research assistants were hired to assist in the collection of information in Palau.

The remote information collection was conducted in August 2021. During the interviews, a rough draft of the direction of tourism development in Palau was prepared based on the information collected so far, and opinions on the draft and information on the activities of each organization were collected. The interviewees are shown in Table 3.

**Table 3: Interviewees in the remote information collection**

Date	Organization	Name
August 4, 2021	Bureau of Tourism, MHRCTD Palau Visitors Authority	Mr. Ngirabelas Tmetuchl, Minister of HRCTD Mr. Kadoi Ruluked Managing Director of PVA
August 4, 2021	PALARIS	Mr. David Idip, Senior GIS Analyst
August 5, 2021	Palau International Airport Company	Mr. Manabu Yoshida, President & CEO
August 9, 2021	Palau Chamber of Commerce	Ms. Irene Olkeriil, President & Chairperson Mr. Sam Scott, Vice President
August 9, 2021	Palau Conservation Society	Ms. Umai Basilius, Project Manager of Policy and Planning
August 18, 2021	Airai State Government	Mr. Collins Takeo, Special assistant for Airai state government
August 19, 2021	Office of the President	Ms. Madelsar Ngiraingas, Special Assistant

Source: Study team

Since then, vaccination in Japan has progressed, and the conditions for travel to Palau via Guam have been met. Therefore, it was decided to conduct a field survey in Palau. The field survey was conducted during the period from October 10 to November 1, 2021. The three members of the team, "Team leader/Tourism Development Planner," "Tourism Marketing," and "Tourism Statistics and Analysis," traveled to Palau to conduct tourist sites surveys and face-to-face interviews. The interviewees are shown in Table 4.

**Table 4: Interviewees during the study in Palau**

Date	Organization	Name
October 19, 2021	PALARIS	Mr. David Idip, Senior GIS Analyst Ms. Ophelia
October 19, 2021	Airai State Government	Ms. Velma, Tour Guide of Airai State
October 20, 2021	Palau Pacific Resort	Mr. Hidetaka Sadamori, Sales & Marketing Manager
October 20, 2021	Palau Visitors Authority	Mr. Kadoi Ruloked Managing Director of PVA Ms. Chloe Yano, Marketing & Programs Manager
October 21, 2021	Diving companies	Mr. Ryosuke Yonezawa, General Manager Ms. Michiyo Miyashita, General Manager
October 21, 2021	Tour company	Ms. Sam Scott,
October 22, 2021	Dolphin Pacific	Mr. Hitoshi Konosu, Eco-tour Guide
October 22, 2021	International Cooperation and Development Fund	Mr. Andy Y.C. Chiang, Leader
October 22, 2021	Palau International Airport Company	Mr. Manabu Yoshida, President & CEO Mr. Yasuhiro Yoshii, Vice President & COO
October 22, 2021	Bureau of Tourism, MHRCTD	Mr. David Orrukem Mr. Ray Manino Mr. Robert Rengil
October 26, 2021	Palau Conservation Society	Ms. Umai Basilius, Project Manager of Policy and Planning
October 26, 2021	Office of the President	Ms. Madelsar Ngiraingas, Special Assistant
October 26, 2021	USAID	Ms. Paula Miller, Country Coordinator for Palau
October 27, 2021	Palau Chamber of Commerce	Ms. Irene Olkeriil, President & Chairperson Mr. Sam Scott, Vice President
October 28, 2021	Ngatpang State Government	
October 29, 2021	ADB Palau Office	Ms. Alfonsa Koshiba, Senior Country Officer
October 29, 2021	Bureau of Tourism, MHRCTD Bureau of Culture, MHRCTD Bureau of Environment, MAFE Palau Visitors Authority	Mr. Ngiraielas Tmetuchl, Minister of HRCTD Mr. Kadoi Ruloked Managing Director of PVA

Source: Study team

On the last day of the field survey, the study team explained to the Minister of MHRCTD and the Managing Director of PVA about the proposed actions necessary for the development of tourism in Palau based on the information gathered and the field survey so far and were able to obtain their approval. It was agreed between the Palau and Japanese sides that the proposed actions would be further studied and compiled into the Final Report and that a seminar would be held in mid-December to discuss the contents of the proposals.

After compiling the results of the study in Japan, two members of the team, "Team leader/Tourism Development Planner" and "Tourism Marketing," traveled to Palau again and held a seminar on December 17, 2021, at the conference hall of West Plaza Lebuu Street in Koror. The seminar was attended by 35 local participants, including the Minister of MHRCTD, Managing Director of PVA, and others who had cooperated with the survey, and remotely by 10 participants, including ADB consultants, JICA headquarters staff, and survey team members.

Two members of the study team explained the most important aspect of Palau's future tourism development, "maximizing Tourism Receipts," and the six actions to achieve it, especially the need for a coordination forum for stakeholders involved in tourism and the possibility of the Long Stay and Home Stay. In addition, Prof. Dr. Katsuhiro Ando of Yamanashi Prefectural University, who was invited as a



guest lecturer, gave a lecture on the experience of CBT tourism development in Vietnam and lessons learned for tourism development in Palau.



Key participants of the seminar on December 17, 2021

### **Composition of the report**

This report consists of two parts: Part 1 summarizes the status of the tourism sector in the Pacific Islands countries and its characteristics in comparison with other oceanic tourism regions in the world, and Part 2 examines the direction of tourism development in Palau and summarizes the necessary actions.

Part 1 consists of six chapters: Chapters 1 and 2 analyze the current situation of the tourism sector in the 14 Pacific Island countries. Chapter 3 compares the Pacific Islands countries with other marine tourism regions and island developing countries in the world and examines the direction of tourism development in the Pacific Islands countries and in Micronesia, Melanesia, and Polynesia. As case studies of oceanic and island tourism, Chapter 4 focuses on tourism development in the Northern Mariana Islands, the six-month closure of Boracay Island in the Philippines for environmental recovery, and Palau's environmental protection policy. Chapter 5 summarizes the results of interviews with the Sasakawa Peace Foundation (SPF) and ECOPLUS, a non-profit organization, about their efforts to develop tourism in Palau and FMS's Yap Province in an environmentally friendly manner and with the participation of local people. Chapter 6 summarizes the impact of the global spread of the new coronavirus on the world and Pacific Islands countries and efforts to restore tourism.

Part 2 consists of four chapters: Chapter 1 analyzes the challenges and potentials of Palau's tourism sector; Chapter 2 reviews the Palau Responsible Tourism Framework 2017-2021 prepared in 2016 and points out what can be applied to future tourism development and what should be revised in light of the passage of time and the global spread of COVID-19. Chapter 3 points out the importance of maximizing tourism revenue based on the analysis in Chapter 1 and the need to establish stakeholder cooperation mechanisms and actions derived from the review of the Palau Responsible Tourism Framework 2017-2021 and proposes six actions. Chapter 4 describes each of the six actions. Part 2 shows how the common potentials and challenges of the PICs, which were identified in the analysis of the tourism sector in Part 1, can be utilized for future tourism development.



# **PART 1: Tourism sector in Pacific Islands countries**



## 1. Status of tourism in Pacific Islands Countries (1)

### 1.1. Tourism market

#### 1.1.1. SPTO's Tourism Arrivals Report

The Pacific Tourism Organization (SPTO)<sup>1</sup> has been publishing its annual “Tourism Arrivals Report” since 2015. The report compiles tourism statistics for Pacific Island Countries (PICs), including SPTO members and the non-member state such as Palau. Reports do not only contain tourism market statistics such as number of visitors by country and purpose of visit, but also describe the impact of the tourism sector on the economy and employment from the 2018 edition<sup>2</sup>. The latest version is published in 2020 (2019 edition). The sections 2.1 and 2.2 analyze the tourism market and tourism economy of the PICs, comparing the data from the Tourism Arrivals Report with the UNWTO's Compendium of Tourism Statistics (2020 edition).

#### 1.1.2. Number of visitors

Columns 3 and 4 of Table 1.1 show the number of visitors<sup>3</sup> to the PICs in 2015 and 2019, respectively. Column 5 shows the percentage change in the number of visitors between 2015 and 2019, and column 6 shows the number of visitors per capita in 2019. Looking at the changes from 2015 to 2019, Palau (-41.9%), FSM (-34.8%), PNG (-16.4%), and American Samoa (-5.4%) show a decrease in the number of visitors, while other countries/economies saw an increase in the number of visitors. Especially Timor Leste (82.5%), Marshall Islands (70.7%), Tuvalu (54.1%), and Vanuatu (52.2%) had greater increase. The total number of visitors, excluding Nauru and Wallis & Futuna, which are not comparable to 2015 and 2019, increased to 2.26 million from 1.954 million in 2015 (an increase of 15.6%).

**Table 1.1: Number of visitors to PICs in 2015 and 2019**

Regions	Countries/ economies	No. of visitors in 2015	No. of visitors in 2019	Percentage change: 2015 and 2019 (%)	Number of visitors per capita (2019)
Micronesia	FSM	30,240	19,712	-34.8%	0.19
	Kiribati	5,426	7,906	45.7%	0.07
	Marshall Islands	6,311	10,771	70.7%	0.20
	Nauru	NA	NA	NA	NA
	Palau	161,931	94,030	-41.9%	5.39
Melanesia	Fiji	754,835	894,389	18.5%	1.01
	New Caledonia	114,072	130,458	14.4%	0.46
	PNG	190,581	159,380	-16.4%	0.02
	Solomon Islands	21,623	28,930	33.8%	0.04
	Vanuatu	79,279	120,628	52.2%	0.41
Polynesia	American Samoa	20,335	19,237	-5.4%	0.35
	Cook Islands	125,132	171,606	37.1%	8.50
	French Polynesia	183,831	236,642	28.7%	0.85

<sup>1</sup> It used to be called the South Pacific Tourism Organization but was renamed the Pacific Tourism Organization in 2019. The abbreviation and the logo are still SPTO.

<sup>2</sup> The 2020 edition deals with statistics for 19 countries.

<sup>3</sup> Number of visitors is based on the UNWTO definition of overnight visitors.

Regions	Countries/ economies	No. of visitors in 2015	No. of visitors in 2019	Percentage change: 2015 and 2019 (%)	Number of visitors per capita (2019)
	Niue	7,707	10,210	32.5%	5.48
	Samoa	136,104	173,930	27.8%	0.87
	Tonga	53,731	67,517	25.7%	0.68
	Tuvalu	2,344	3,611	54.1%	0.34
	Wallis & Futuna	NA	4,637	NA	0.41
Other	Timor Leste	61,037	111,400	82.5%	0.09

Note: No. of visitors per population uses data from ADB's Key Indicators 2020 and Worldometer website (<https://www.worldometers.info>)

Source: Based on Tourism Arrivals Report 2015 and 2019, SPTO, analysis by survey team

In 2019, the top three countries/economies with the highest number of visitors were (1) Fiji, (2) French Polynesia, and (3) Samoa. However, the countries with smaller populations topped the list in terms of visitors per capita: (1) Cook Islands, (2) Niue, and (3) Palau.

To summarize the overall trend of the tourism market, the number of foreign visitors to the Pacific Island countries is increasing, while the number of visitors to Palau and the FSM in the Micronesian region has been on the decline in recent years. In addition, due to the global spread of the novel coronavirus (COVID-19) infection and the suspension of international flights, the number of visitors to the Small Islands Developing States (SIDS) has decreased by 47% between January and April 2020, according to the UNWTO<sup>4</sup>.

A comparison of SPTO and UNWTO (Table 1.2) visitor statistics for 2018 shows different figures for Kiribati, PNG, and Samoa, but the rest of the country is consistent. UNWTO's statistics also cover data for Niue, which is not covered by SPTO.

**Table 1.2: Comparison in visitor statistics between SPTO and UNWTO (2018)**

Regions	Countries/ Economies	SPTO (persons)	UNWTO (1,000 persons)
Micronesia	FSM	19,207	19.2
	Kiribati	6,824	7.1
	Marshall Islands	6,761	6.8
	Nauru	NA	NA
	Palau	106,273	106
Melanesia	Fiji	870,309	870
	New Caledonia	120,343	120
	PNG	121,503	140
	Solomon Islands	27,866	28
	Vanuatu	115,634	116
Polynesia	American Samoa	20,221	20.2
	Cook Islands	168,760	169
	French Polynesia	216,458	216
	Niue	NA	9.8
	Samoa	167,651	164
	Tonga	54,046	54.0
	Tuvalu	2,729	2.7
	Wallis & Futuna	4,207	NA
Other	Timor Leste	113,245	75

Note: Cells in orange means that figures between SPTO and UNWTO are different.

Source: Tourism Arrivals Report 2019, SPTO; Compendium of Tourism Statistics, 2020 Edition, UNWTO

<sup>4</sup> UNWTO, Tourism in SIDS: the challenge of sustaining livelihoods in times of COVID-19, UNWTO BRIEFING NOTE – TOURISM AND COVID-19, ISSUE 2, pg.6, June 2020

### 1.1.3. Origin countries

Table 1.3 shows percentage of visitors for each PICs. The visitors' categories are (1) Australia and New Zealand (ANZ), (2) Canada and the United States (North America), (3) China and Japan, (4) Europe, (5) Pacific Island countries, and (6) others<sup>5</sup>. Column 9 lists the major origin countries.

When observing the three major regions of the PICs (Micronesia, Melanesia, and Polynesia), many visitors from Australia and New Zealand tend to come to Melanesia and Polynesia, while visitors from East Asia and the United States tend to come to Micronesia. The following characteristics can be found in nations and economies levels.

#### Micronesia

- In FSM and Marshall Islands, major origin country (region) is North America. Following that, the Philippines is the second largest in the FSM, while the Marshall Islands has many visitors from the PICs.
- Palau has more visitors from East Asia, such as People's Republic of China, South Korea, Taiwan, and Japan.
- Kiribati has the largest number of visitors from the North America. Australia, PICs follows it.

**Table 1.3: Proportion of originating countries by country and economy in 2017**

Unit: %

Regions	Country/ economy	ANZ	North America	China & Japan	Europe	Pacific Islands	Others	Major origin countries
Micronesia	FSM*	4.5	22.8	19.5	7.2	9.4	36.7	USA, Philippines, Japan
	Kiribati	28.0	23.3	4.8	7.8	26.5	9.6	North America, Australia, Pacific Islands
	Marshall Islands	6.1	26.7	4.3	0.3	34.0	28.6	USA, Pacific Islands
	Nauru	NA	NA	NA	NA	NA	NA	NA
	Palau	0.7	6.1	68.4	3.8	0.7	20.3	China, Japan, South Korea, Taiwan
Melanesia	Fiji	65.3	11.1	6.5	6.1	6.4	4.6	Australia, New Zealand, USA
	New Caledonia	28.1	1.1	18.3	36.0	12.7	3.8	France, Australia, Japan
	PNG	54.2	5.1	8.8	6.3	4.0	21.6	Australia, Philippines, China
	Solomon Islands	46.1	7.0	7.5	5.5	19.7	14.1	Australia, New Zealand, USA, Pacific Islands
	Vanuatu	63.2	2.8	4.3	6.2	21.1	2.4	Australia, New Zealand, Pacific Islands, Europe
Polynesia	American Samoa	18.9	24.1	1.6	2.5	49.0	3.8	USA, New Zealand, Pacific Islands
	Cook Islands	82.7	7.1	0.8	7.2	1.1	1.0	New Zealand, Australia, USA
	French Polynesia	9.8	37.5	9.2	34.5	2.9	6.1	USA, France, Japan
	Niue	88.8	2.6	1.6	4.9	2.0	0.1	New Zealand, Australia
	Samoa	66.4	6.7	2.2	2.8	18.3	3.6	New Zealand, Australia, USA, Pacific Islands
	Tonga	65.9	14.5	5.0	6.7	5.3	2.6	New Zealand, Australia, USA
	Tuvalu	21.1	6.4	7.7	9.7	35.6	19.4	Australia, New Zealand, Pacific Islands
Wallis & Futuna	NA	NA	NA	NA	NA	NA	NA	
Other	Timor Leste	13.6	3.2	7.7	11.0	0.1	64.4	Indonesia, Australia, Portugal

<sup>5</sup> Tourism Report changed its statistic format since 2018 and data by country of origin are not available for each country. "Yearbook of Tourism Statistics, Data 2014 – 2018, 2020 Edition" issued by UNWTO deals with originating country data through 2018 for member countries, but for some of the PICs, the data are from 2017. Therefore, this section utilizes data from Tourism Arrivals Report 2017.



Note: \* Utilizing data from 2015  
Source: Tourism Arrivals Report 2017

### Melanesia

- Except New Caledonia, the countries have a large number of visitors from Australia and New Zealand. In particular, Fiji has two-thirds of the total number of visitors from those countries.
- In addition to Australia, PNG also has many visitors from the Philippines and China. Related to Table 1.4 about purpose of visit data, it can be assumed that many of the visitors from the Philippines and China are business related.
- Solomon Islands and Vanuatu have a noticeable number of visitors from the PICs besides visitors from Australia and New Zealand.
- New Caledonia, being a French overseas territory (Collectivité sui generis), has many visitors from France, Australia and Japan.

### Polynesia

- Cook Islands, Niue, Samoa, and Tonga received between two-thirds and nearly 90% of the total visitors from New Zealand and Australia. In Melanesia, the order was Australia and New Zealand, but in Polynesia, the order was New Zealand and Australia.
- The visitors of American Samoa and French Polynesia are strongly related to the socio-economic origins. As a U.S. Territory, major visitors to American Samoa are the PICs, the United States, and New Zealand. The major visitors to French Polynesia, a French overseas community (Collectivité d'outre-mer), are the United States, France, and Japan.
- The major visitors to Tuvalu are from the PICs, Australia and New Zealand.

#### **1.1.4. Purpose of visit**

SPTO's Tourism Arrivals Report breaks down purpose of visit into 4 categories (leisure, visiting friends and relatives; VFR, business and others)<sup>6</sup>. Table 1.4 shows share of purpose of visits for each country/economy. The following characters can be observed:

- The countries for which data is available in Micronesia tend to have a higher percentage of business than other countries in the Melanesia and Polynesia regions except PNG and Tuvalu. In addition, in the FSM and Kiribati, the percentage of visiting friends and relatives tends to be lower than other countries in the Melanesia and Polynesia regions.
- In Melanesia, Fiji, New Caledonia, and Vanuatu, and in Polynesia, Cook Islands, and Niue, leisure accounted for more than 50% of visits. It suggests that the purpose of most visitors is to spend relaxation time. Such situation might be similar in French Polynesia and Palau, but data is

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<sup>6</sup> In the latest edition (as of November 2020) of Tourism Arrivals Report 2019 covers purpose of visit, however some countries were not counted in the data. Therefore, the date utilize in this section is based on 2018 except for Niue and Tonga.

not available for these countries/economies.

- Nearly three quarters of all visits to PNG were for business purposes (72.3%). PNG is a major exporter of primary commodities such as minerals and timber, and these visits would be related with such businesses. Other than PNG, business proportions are high in Tuvalu (51.8%), Kiribati (42.1%), the Marshall Islands (39.1%), and FSM (36.2%). These countries have fewer than 20,000 visitors.
- In American Samoa and Samoa, visiting friends and relatives are a high level at 51.6% and 44.0% respectively. It can be assumed that both countries are visited by acquaintances and relatives of each other. Tonga also has a high level of visitation by friends and relatives at 37.9%.

**Table 1.4: Purpose of visit by visitors in 2018 (SPTO)**

Unit: %

Regions	Country/economy	Leisure	VFR	Business	Others
Micronesia	FSM	29.0	7.7	36.2	27.0
	Kiribati	39.3	2.9	42.1	15.7
	Marshall Islands	20.2	16.3	39.1	24.4
	Nauru	NA	NA	NA	NA
	Palau	NA	NA	NA	NA
Melanesia	Fiji	75.7	9.2	6.0	9.1
	New Caledonia	56.0	21.6	11.5	10.9
	PNG	16.5	6.3	72.3	4.9
	Solomon Islands	32.1	14.9	25.5	27.5
	Vanuatu	79.3	7.5	6.5	6.7
Polynesia	American Samoa	23.9	51.6	17.5	6.9
	Cook Islands	86.0	8.1	3.7	2.2
	French Polynesia	NA	NA	NA	NA
	Niue*	67.6	19.1	12.5	0.7
	Samoa	35.6	44.0	5.6	14.8
	Tonga**	41.9	37.9	5.7	14.5
	Tuvalu	36.9	0.0	51.8	11.3
	Wallis & Futuna	NA	NA	NA	NA
Other	Timor Leste	NA	NA	NA	NA

Note: VFR Visiting friends and relatives; \* data of 2017; \*\* data of 2019  
Source: Tourism Arrivals Report 2018, SPTO

On the other hand, Table 1.5 shows the purpose of visits recorded in the UNWTO's Compendium of Tourism Statistics (2020 Edition). The data has three categories: (1) holidays, leisure and recreation, (2) other personal purposes and (3) business, but the data seem to be common to the SPTO except for Kiribati, PNG, and Samoa.

**Table 1.5: Purpose of visit by visitors (UNWTO; 2019)**

Unit: %

Regions	Country/economy	Holidays, leisure, recreation	Other personal	Business
Micronesia	FSM	28.6	34.9	36.5
	Kiribati	40.8	18.3	40.8
	Marshall Islands*	18.3	38.3	43.3
	Nauru	NA	NA	NA
	Palau	100.0	0.0	0.0
Melanesia	Fiji	75.7	18.3	6.0
	New Caledonia	55.8	32.5	11.7
	PNG	40.5	7.7	51.8
	Solomon Islands	32.1	42.9	25.0

Regions	Country/economy	Holidays, leisure, recreation	Other personal	Business
	Vanuatu	79.3	13.8	6.9
Polynesia	American Samoa	23.9	58.7	17.4
	Cook Islands	85.8	10.7	3.6
	French Polynesia	85.6	8.8	5.6
	Niue*	67.3	20.4	12.2
	Samoa	36.6	58.1	5.8
	Tonga*	41.9	50.4	7.7
	Tuvalu**	32.0	20.0	48.0
	Wallis & Futuna	NA	NA	NA
Other	Timor Leste	NA	NA	NA

Note\* data of 2017; \*\* data of 2016; Orange cells indicate large differences in trend from SPTO data.  
Source: Compendium of Tourism Statistics, 2020 Edition, UNWTO

In UNWTO's data (Table 1.5), 100% of visitors came to Palau for holidays, leisure and recreation. On the other hand, the SPTO's data (Table 1.4) do not provide data on the purpose of visit of visitors. The situation of information collection on purpose of visit in Palau will be confirmed during the field survey.

#### 1.1.5. Average length of stay

Table 1.6 shows average length of stay by visitors in PICs. Data on the columns 3 and 4 is from SPTO's Tourism Arrivals Report 2019, and the columns 5 and 6 from the UNWTO's Compendium of Tourism Statistics (2020 Edition). In both data sources, there are differences in the year of data acquisition by country/economy, and it have not been able to collect data for all countries. Nevertheless, the SPTO's Tourism Arrivals Report covers more countries than the UNWTO's Compendium of Tourism Statistics.

According to SPTO's data, the average length of stay for visitors of the PICs other than Palau is more than 8 days. In particular, Marshall Islands (18.5 days), New Caledonia (16.8 days), French Polynesia (14.9 days), and Tonga (13.0 days) have long stay. Analyzing with origin countries of visitors (Table 1.3) and purpose of visit (Table 1.4) of the Marshall Islands, New Caledonia, and French Polynesia, the average length of stay in the Marshall Islands would be attributed to the influence of visiting friends and relatives from other PICs, as well as business-related stays. New Caledonia and French Polynesia, on the other hand, are thought to be strongly influenced by the long stays of French residents, many of whom travel abroad for about two weeks at a time. The shorter length of stay in Palau would be attributed to the large number of visitors from China, Taiwan, Japan, and South Korea, whose average number of days is only a few days to a week per trip abroad.

UNWTO data shows that among the eight countries for which data were collected, PNG's figure is significantly different from the figure in SPTO's statistics. However, in the rest of the countries, the figures are similar to those of SPTO.

**Table 1.6: Average length of stay by visitors**

Regions	Country/economy	SPTO		UNWTO	
		Year	Average length of Stay: air visitor arrivals (days)	Year	Average length of stay (days)
Micronesia	FSM	2019	9.0	NA	
	Kiribati	2019	8.4	NA	
	Marshall Islands-	2016	18.5	NA	
	Nauru	NA		NA	
	Palau	2019	5.2	2018	4.9
Melanesia	Fiji	2019	9.6	2018	11.2
	New Caledonia	2018	16.8	2018	17.8
	PNG	2019	10.2	2015	23.0
	Solomon Islands	2019	15.1	2016	15.1
	Vanuatu	2018	8.1	2018	10.9
Polynesia	America Samoa	2017	8.1	NA	
	Cook Islands	2019	8.4	2018	7.8
	French Polynesia	2018	14.9	2018	14.7
	Niue	2020	10.7	NA	
	Samoa	2018	8.5	NA	
	Tonga	2019	13.0	NA	
	Tuvalu	NA		NA	
	Wallis & Futuna	NA		NA	
Other	Timor Leste	2017	10.0	NA	

Note: Orange cells indicate that figures between STOP and UNWTO are significantly different.

Source: Tourism Arrivals Report 2019, SPTO; Compendium of Tourism Statistics, 2020 Edition, UNWTO

### 1.1.6. Cruise tourism

Table 1.7 shows the trend of visitors by cruise ships: in 2019, cruise ship visits are high in New Caledonia (340,000), Vanuatu (140,000) and Fiji (70,000) in Melanesia, and French Polynesia (60,000) in Polynesia.<sup>7</sup>

Most of the cruises in the Pacific Island countries originated from Australia. As mentioned in section 2.1.3, the Melanesian region has a large number of Australian visitors, which may be related to the high number of visitors by cruise ships in this region. According to the “Cruise Industry Oceanian Source Market Report Australia”, cruise ships are becoming a popular way to spend a vacation in the Australian market. Cruise ships from Australia to the South Pacific were 35% of the total in 2017 and 32% in 2018<sup>8</sup>. Also, cruise tourism in New Caledonia and French Polynesia seems to have been driven by French visitors.

**Table 1.7: Transition of visitors by Cruise ship**

Regions	Country/economy	Unit: persons				
		2015	2016	2017	2018	2019
Micronesia	FSM	NA	NA	NA	NA	NA
	Kiribati	4,175	1,870	1,561	232	3,923
	Marshall Islands	1,388	1,100	1,908	NA	NA
	Nauru	NA	NA	NA	NA	NA
	Palau	NA	NA	1,200	788	NA
Melanesia	Fiji	113,761	170,632	184,425	187,890	74,537
	New Caledonia	444,124	509,463	504,870	456,030	343,962
	PNG	13,724	19,123	41,572	34,180	30,563
	Solomon Islands	4,348	13,523	12,061	4,984	1,888

<sup>7</sup> Visitors by cruise ships are also likely to be day-trippers and do not necessarily constitute part of the number of visitors in Table 2.1.

<sup>8</sup> Cruise Industry Oceanian Source Market Report Australia 2017, 2018 Australia Ocean Source Market.

Regions	Country/economy	2015	2016	2017	2018	2019
	Vanuatu	197,471	256,482	223,551	234,567	135,357
Polynesia	America Samoa	23,717	18,235	22,329	31,615	39,431
	Cook Islands	NA	NA	NA	NA	NA
	French Polynesia	43,187	48,854	33,650	41,006	62,066
	Niue	NA	NA	2,331	NA	NA
	Samoa	18,871	NA	NA	NA	13,212
	Tonga	17,375	25,714	21,719	21,707	23,152
	Tuvalu	NA	NA	NA	NA	NA
	Wallis & Futuna	NA	NA	NA	NA	NA
Other	Timor Leste	NA	NA	NA	NA	NA
	Total	863,270	1,064,996	1,047,646	1,012,211	714,879

Source: Tourism Arrivals Report 2015-2019, SPTO

The South Pacific is a popular destination for cruise ships in both Australia and France, but also in Japan. New Caledonia is advertised as “the closest island to heaven<sup>9</sup>” by many Japanese travel agencies, and cruise tourism websites promote the South Pacific as a beautiful beach and beautiful islands<sup>10</sup>.

Prior to the COVID-19 pandemic, UNWTO and ADB had predicted that the demand for cruise tourism in the South Pacific would increase in anticipation of China's economic growth and the persistent popularity of Australia and New Zealand<sup>11</sup>. However, as seen in Table 1.7, the number of cruise ship tourists in the PICs as a whole plummeted from over 1 million during the period from 2016 to 2018 to 716,000 in 2019. This could be due to the impact of market diversification in the Asia-Pacific region such as development of the Southeast Asian market. In Southeast Asia, Singapore, Thailand’s Phuket Island, and Indonesia’s Bali Island have been active in attracting cruise tourism in recent years.

In terms of the share of cruise tourists within the PICs, it has been decreasing in the major countries of cruise tourism so far, such as Fiji, New Caledonia, and Vanuatu, and instead, it is increasing in American Samoa and French Polynesia. Among the PICs, the number of cruise ship destinations seems to be becoming more diversified.

There was also widespread anxiety about cruise tourism during the initial spread of COVID-19 in early 2020, as the issue of the spread of the disease on cruise ships and the refusal of cruise ships to call at ports was widely publicized. The future recovery of cruise tourism may take more time than other tourism products.

## 1.2. Contribution to national economy

The basic statistics to identify the contribution of tourism to the national economy are tourism revenue, value added generated by tourism and tourism-related industries<sup>12</sup>, and employment generated by

<sup>9</sup> New Caledonia's reputation as “the closest island to heaven” in Japan is influenced by a travel book by Katsura Morimura, published in 1966.

<sup>10</sup> <https://www.princess.com/learn/cruise-destinations/tahiti-south-pacific-cruises/>

<sup>11</sup> UNWTO, Sustainable Cruise Tourism (2016), ADB, TOURISM AS A DRIVER OF GROWTH IN THE PACIFIC (2018).

<sup>12</sup> In countries with a Tourism Satellite Account (TSA), it is easy to figure out the percentage of GDP that is generated by tourism and tourism-related industries. If a TSA is not formulated, it will outline the percentage of tourism's GDP from the lodging and transportation

tourism and tourism-related industries. However, both SPTO's Tourism Arrivals Report and UNWTO's Compendium of Tourism Statistics include limited data on the tourism economy of the PICs in their statistics. Since many of the PICs are small in size and have limited resources for developing statistics, it would be challenging to organize basic statistics, such as GDP. The amount of tourism revenue per capita and expenditure per visitor calculated by the survey team are also tabulated in the Table 1.8<sup>13</sup>.

### 1.2.1. Tourism revenue

SPTO's Tourism Arrivals Report estimates tourism revenue for PICs. Reliability of the data may be limited as the SPTO multiplies the number of visitors in each country, the average number of days spent, and the amount of spending per day. However, it should provide a measure of certain level of tourism revenue for each country/economy. Table 1.8 shows the tourism revenue for each country in the Tourism Arrivals Report 2019, its proportion to GDP, and the amount of tourism revenue per capita which is calculated by the survey team<sup>14</sup>.

**Table 1.8: Tourism revenue for PICs (SPTO)**

Regions	Country/ economy	Estimated year	Tourism receipts (USD million)	Proportion to GDP (%)	Tourism receipts per capita (USD)	Expenditure per tourist (USD)
Micronesia	FSM	2015	44.4	17.7	428	1,468
	Kiribati	2018	9.2	5.1	80	1,348
	Marshall Islands	2016	21.1	9.5	389	3,957
	Nauru	NA				
	Palau	2017	123.0	38.0	6,870	1,002
Melanesia	Fiji	2019	1,396.0	25.8	1,570	1,561
	New Caledonia	2016	291.4	3.1	1,063	2,519
	PNG	2019	352.2	1.5	396	2,224
	Solomon Islands	2019	78.2	5.1	115	2,703
	Vanuatu	2018	187.6	22.6	645	1,555
Polynesia	America Samoa	2017	21.2	3.3	381	1,061
	Cook Islands	2019	224.2	66.1	11,099	1,306
	French Polynesia	2019	744.0	12.8	2,664	3,144
	Niue	2019	7.8	28.1	4,189	764
	Samoa	2019	201.0	24.5	1,000	1,156
	Tonga	2019	55.0	11.1	552	815
	Tuvalu	2018	2.4	5.6	226	879
Others	Wallis & Futuna	NA				
	Timor Leste	2017	222.8	14.1	176	1,879

Source: Tourism Arrivals Report 2019, SPTO and analysis by survey team

The estimated value of tourism revenue is high in Fiji (\$1.396 billion), French Polynesia (\$744 million), and PNG (\$352 million). However, in terms of percentage of GDP, Cook Islands (66.1 %), Palau (38.0 %), Niue (28.1 %), and Fiji (25.8 %) have high levels above 25%, and the tourism revenue per capita is high in small countries such as Cook Islands (\$11,099), Palau (\$6,870), Niue (\$4 ,189). Expenditures per visitor are high in the Marshall Islands (\$3,950), French Polynesia (\$3,144), Solomon

industries.

<sup>13</sup> Population of each country is based on data from ADB Key Indicators 2020 and worldometer (<https://www.worldometers.info/>) for New Caledonia, French Polynesia and American Samoa.

<sup>14</sup> Population of each country is based on data from ADB Key Indicators 2020.

Islands (\$2,703), and New Caledonia (\$2,519). Expenditure per visitor is not necessarily high in the countries with high tourism revenue per capita, such as the Cook Islands, Palau, and Niue.

Table 1.9 is data from UNWTO's Compendium of Tourism Statistics (2020 Edition). The UNWTO data are difficult to compare simply with SPTO data because many of estimated years are different. However, the UNWTO data highlighted in orange are very different from the SPTO data. Unlike the data on the tourism market, the data on the tourism economy differs significantly between SPTO and UNWTO. As a result, the results of income per capita and expenditure per visitor are very different between SPTO and UNWTO statistics in some countries. For example, in UNWTO statistics, the top three countries in terms of expenditure per visitor are Solomon Islands (\$2,907), Vanuatu (\$2,551), and French Polynesia (\$2,535).

**Table 1.9: Tourism revenue for PICs (UNWTO)**

Region	Country/economy	Year estimated	Tourism receipts (USD million)	Tourism receipts per capita (USD)	Expenditure per tourist (USD)
Micronesia	FSM	2015	25	241	827
	Kiribati	2017	4.1	36	724
	Marshall Islands	2018	8.6	158	1,272
	Nauru			NA	
	Palau	2017	116	6,479	945
Melanesia	Fiji	2018	969	1,093	111
	New Caledonia	2016	159	580	1,375
	PNG	2017	2	2	14
	Solomon Islands	2018	81	121	2,907
	Vanuatu	2018	295	1,037	2,551
Polynesia	America Samoa	2017	22	396	1,101
	Cook Islands	2017	153	7,846	948
	French Polynesia	2016	488	1,777	2,535
	Niue	2017	8.3	4,828	837
	Samoa	2018	191	959	1,139
	Tonga	2018	48	480	888
	Tuvalu			NA	
Wallis & Futuna			NA		
Others	Timor Leste	2018	78	62	689

Note: Orange cells indicate large deviations from SPTO data.

Source: Compendium of Tourism Statistics, 2020 Edition, UNWTO

## 1.2.2. Employment in tourism

Columns 3 through 6 of Table 1.10 show data on tourism-related employment from the 2018 edition of the Tourism Arrivals Report 2018. The table also indicates information on years the data were obtained. The 7<sup>th</sup> column of the same table contains updated information on tourism-related employment in the Tourism Arrivals Report 2019<sup>15</sup>. Reliability of this information is limited because some countries have seen a significant drop in tourism employment, as seen in the FSM (from 1,802 in 2014 to 794 in 2018), Kiribati (from 2,100 in 2017 to 449 in 2019) and Fiji (from 41,338 in 2018 to 15,094 in 2019). It is also necessary to review the definition of employment in tourism and measurement methods, the source of

<sup>15</sup> Tourism Arrivals Report 2019 does not include data on the percentage of total employment. In addition, the 2020 figures for Niue, Samoa, and Tonga are listed, and the method of measurement of these figures will be confirmed during the interviews with the SPTO.

the overall employment data in a further survey task. On the other hand, UNWTO Compendium of Tourism Statistics 2020 Edition only collected information on tourism employment in French Polynesia and Kiribati.

**Table 1.10: Tourism related employment in PICs**

Region	Country/ economy	Year	Tourism employment (persons)	Total employment (persons)	Share in the total employment (%)	Updated tourism employment (year)
Micronesia	FSM	2014	1,802	31,789	5.7	794 (2018)
	Kiribati	2017	2,100	28,000	7.5	449 (2019)
	Marshall Islands	2015	605	11,000	5.5	
	Nauru	2014	77	3,046	2.5	
	Palau	2018	2,690	6,000	44.8	
Melanesia	Fiji	2018	41,338	327,065	12.6	15,094 (2019)
	New Caledonia	2017	5,246	93,170	5.6	5,241 (2019)
	PNG	2018	26,000	2,344,733	1.1	25,000 (2019)
	Solomon Islands	2017	6,400	208,016	3.1	1,118 (2019)
	Vanuatu	2018	15,000	115,900	12.9	
Polynesia	American Samoa	2011	1,709	18,028	9.5	
	Cook Islands	2016	2,386	6,938	34.4	
	French Polynesia	2016	10,500	119,935	8.8	11,842 (2019)
	Niue	2014	226	700	32.3	291 (2020)
	Samoa	2015	5,158	41,142	12.5	2,852 (2020)
	Tonga	2018	7,100	33,422	21.2	3,000 (2020)
	Tuvalu	2016	87	3,869	2.2	
	Wallis & Futuna	NA				
Other	Timor Leste	2014	2,586	263,000	1.0	

Note: Data on tourism employment in Niue, Samoa, and Tonga in 2020 are directly referred from the SPTO's Tourism Arrivals Report 2019. The year of measurement of the data will be confirmed by the field survey.

Source: Tourism Arrivals Report 2018, 2019, SPTO and analysis by survey team

Looking again at columns 3 to 6 of Table 2.10, tourism employment exceeds 30% of all jobs in Palau (44.8% of all jobs in 2018), Cook Islands (34.4% of all jobs in 2016), and Niue (32.3% of all jobs in 2014). Tourism in these countries has become an important industry in employment generation<sup>16</sup>.

### 1.2.3. Contribution of tourism to the national economy

SPTO and UNWTO statistics do not provide statistical information on the value added generated by tourism and tourism-related industry. The “World Travel & Tourism Council (WTTC)”, a private, non-profit organization made up of the heads of about 100 of the world's major tourism companies, including hotels, airlines, travel agencies, and others, publishes an annual analysis of the tourism economy and employment in the world's major countries (61 countries as of 2020)<sup>17</sup>. For the PICs, the results of the analysis are available for Fiji, PNG, Solomon Islands, Tonga, Vanuatu, and other Oceania States<sup>18</sup> (see Table 2.11).

<sup>16</sup> Tourism-related employment in Tonga in 2018 is relatively high at 21.2 % (7,100 persons) of total employment, but data for 2020 shows that tourism-related employment has been cut in half to 3,000.

<sup>17</sup> <https://wttc.org/Research/Economic-Impact>

<sup>18</sup> The definition of Other Oceanic States is not specified, but it seems to be Oceania countries excluding Australia, New Zealand and the five other countries.



**Table 1.11: Results of the analysis of the contribution of the tourism sector to the national economy (2019)**

Regions/ economy	Tourism receipt (USD million)	Proportion of the tourism receipt to the GDP (%)	Travel & tourism economy share in GDP (%)	Tourism employment share in the total employment (%)
Oceania	45,000	2.7	11.7	12.6
Fiji	1,390	20.6	26.3	34.0
Papua New Guinea	14.4	0.1	2.2	2.2
Solomon Islands	91.4	7.2	10.5	10.8
Tonga	49.6	11.4	12.1	12.8
Vanuatu	314.1	33.3	34.7	36.0
Other Oceanic States	9,930	22.8	28.6	34.8

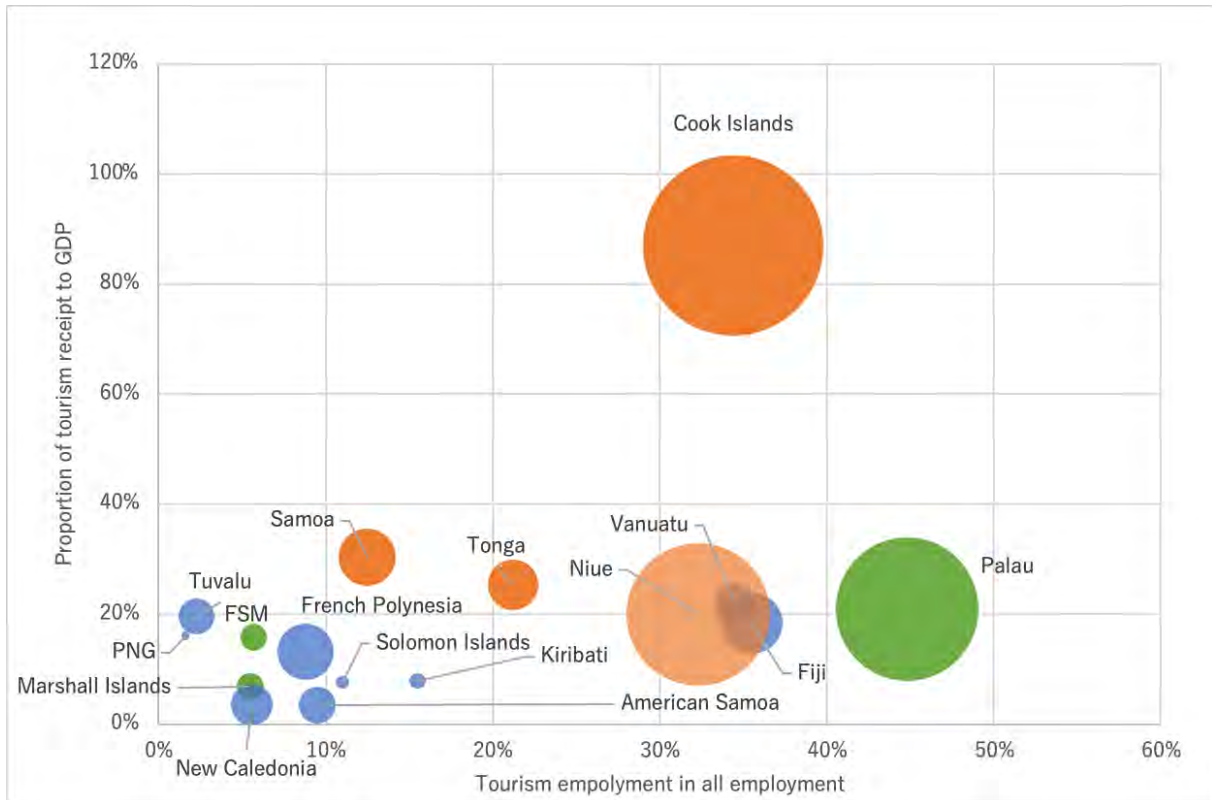
Source: WTTC Website ( <https://wttc.org/Research/Economic-Impact> )

WTTC analysis shows that tourism income is close to the SPTO's analysis (Table 2.8), except for PNG and Vanuatu. In addition, it is clear that tourism revenue has become an important means of earning foreign currency in these countries except for PNG.

On the other hand, a comparison of tourism employment as a percentage of total employment in Table 1.11 with SPTO's statistics (Table 2.10) shows that the overall percentage is higher than that of SPTO. This is remarkable in Fiji (34.0%) and Vanuatu (36.0%), where more than one-third of the total employment is accounted for. Although the WTTC has not analyzed, Palau, Cook Islands, and Niue are likely to have similar levels of tourism economy as a percentage of GDP.

Finally, from some of the statistical data discussed in sections 2.1 and 2.2, the survey team analyzed the extent of contribution of tourism to the national economy in the PICs. The following indicators were selected from Table 2.1, Table 2.8, and Table 2.10 and plotted in Figure 2.1.

- Proportion of tourism-related employment in domestic employment (X-axis)
- Tourism revenue as a percentage of GDP (Y-axis)
- Number of visitors per capita (size of circles)



Note: Since data on tourism revenue as a percentage of GDP were not available for Niue, it is assumed here to be the same as in Palau at 20 %.

Source: Tourism Arrivals Report 2018, 2019 and analysis by survey team

**Figure 1.1: Analysis of the extent of the contribution of tourism to the national economy**

The green circles in Figure 2.1 are for the Micronesia region (FSM, Kiribati, Marshall Islands, and Palau). The Melanesian region countries (Fiji, PNG, Solomon Islands, and Vanuatu) are in blue, and the Polynesian region countries (American Samoa, Cook Islands, French Polynesia, Niue, Samoa, Tonga, and Tuvalu) are in orange. Palau, Cook Islands, Niue, Fiji, and Vanuatu are plotted farther away from the bottom left of the graph, and have larger circles. In these countries, the extent of the contribution of tourism to the national economy is significant.

### 1.3. Tourism resources and tourism products

This section summarizes the tourist guidebooks published by the Pacific Islands Centre (PIC)<sup>19</sup> and the information on the SPTO's tourist website<sup>2021</sup> in order to provide an overview of tourism resources and products in the PICs. 14 countries targeted for cooperation by Japan are included in the analysis.

<sup>19</sup> Pacific Islands Centre (PIC, South Pacific Economic Exchange Support Centre) was established on October 1, 1996, based on the Agreement Establishing the South Pacific Economic Exchange Support Centre signed between the Government of Japan and the Pacific Islands Forum (now the Pacific Islands Forum). PIC aims to promote trade, investment and tourism between the Forum Island Countries (FICs) and Japan. Pacific Islands Forum (established in 1971) consists of 14 Forum countries, 2 areas (French Polynesia and New Caledonia), Australia, and New Zealand.

<sup>20</sup> <https://corporate.southpacificislands.travel/>

<sup>21</sup> The survey team checked the SPTO's consumer site in August 2020. The site has since been updated and the information on it has changed.

Tourism resources are defined as natural and historical heritage and culture that have potential to be used for tourism, and tourism products are defined as tourism resources that are already being used for tourism activities.

The following table summarizes tourism resources and products for each country in Micronesia, Melanesia, and Polynesia, in that order. The table for each country is divided into two rows and two columns: the left side shows the tourism resources, the right side shows the tourism products, the upper side shows the marine tourism, and the lower side shows items on the natural environment at the land area and historical heritage and culture.

Looking at the 14 PICs as a whole, each country has not only maritime tourism resources, but also abundant natural environmental resources on land, and historical and cultural resources. Although maritime tourism resources have been developed as a product, mainly in countries that have already received many visitors, the development of natural resources on land, historical and cultural resources is still limited, and there is potential for future development. In particular, the development of resources tied to historical cultures and customs is limited, and it seems possible to make these resources into a tourism product so as to attract visitors through tourism development with community participation<sup>22</sup>.

### **1.3.1. Micronesia**

Palau, and a part of the FMS (in particular, the States of Yap and Pohnpei Island in the State of Pohnpei) has a strong traditional culture. For example, Yap Island which is famous for its stone currency has nearly 100 villages, and each village has its own village meeting place called “Faeluw” or “P’eebaey<sup>23</sup>” and traditional dance. In Pohnpei Island, there are traditional dances with flower crowns (mwaramwar) and pepper cultivation and drinks made from it. Although the traditional culture could be tourist resources, the community people would not be positive to invite visitors from outside. In addition to that, most of the land is privately owned and there are places where it is not preferable for visitors to visit without a guide.

FSM has different socio-cultural characteristics and strong state government independence; the PIC’s tourist guidebook and the SPTO’s website on introduction of tourism resources and products are organized by states. The ruins of Nang Madolu in Pohnpei State (the ruins of a maritime city built around the 12<sup>th</sup> century) were inscribed as a World Heritage Site in 2016, but the development of the site as a tourist destination is still limited.

Palau’s current major tourism products include scuba diving, snorkeling, visits to traces of Japanese occupation and battle sites, excursions to the surrounding islands of Koror, such as the Rock Islands of

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<sup>22</sup> Chapter 6 introduces community based eco-tourism development efforts in Palau and Yap States of FMS.

<sup>23</sup> Faeluw is the men's meeting place and community workshop, and P'eebaey serves as the village community center.

the South Lagoon, which was listed as a World Heritage Site in 2012, and beach stay. In the Marshall Islands, Bikini Atoll was inscribed as a World Heritage Site in 2011 and has begun to host diving tourists since the same year.

Kiribati is a country with a large territorial sea area and a large number of islands. However, the main tourism resources are concentrated in Tarawa Atoll and Christmas Island, and tourism development is in progress in these areas. The tourism resources and their development are also limited. Since Nauru is made up of a single island, where the development of phosphate ore is the main economic activity, tourism resources and its development are limited.

**Table 1.12: Tourism resource and products of FSM**

	Tourism resource	Tourism products
Marine tourism	<ul style="list-style-type: none"> <li>- World's lowest elevation cloud forests, tropical rain forests, agroforests, freshwater "Redwood" wetlands, giant taro swamps, large and varied mangrove tracts,</li> <li>- World's most pristine coral reefs, sea-grass meadows and estuaries and lagoons.</li> </ul>	<ul style="list-style-type: none"> <li>- Scuba diving &amp; snorkeling (Yap and Pohnpei)</li> <li>- Wreck diving (Chuuk)</li> <li>- Sport and game fishing</li> <li>- Canoe &amp; Kayak</li> <li>- Surfing &amp; kite surfing (Pohnpei &amp; Kosrae)</li> </ul>
Other tourism	<ul style="list-style-type: none"> <li>- Common resources: island life skills (hunting wild boar, making a trap, carving a canoe, climbing a coconut tree, preparing local medicines); handicrafts (accessories, woven bags and carvings); local foods (Yap: stone money; traditional dance (Churu'); local attire (Lavalava); meeting houses; traditional navigation for canoe; colonial ruins &amp; battlefield (WWII); traditional villages and ruins</li> <li>- <b>Chuuk:</b> battlefields (WWII); ruins of Japanese colonial age; love stick; devil mask; local attire (Chuuk dress)</li> <li>- <b>Pompei:</b> traditional dance (Lehp, Wen, Tokia, Sapei &amp; Kepir); traditional villages; local attire (Pohnpeian skirt); colonial ruins; Palikir; caves and waterfalls; Nan Madol Ruins; sakau (local drink); pepper</li> <li>- <b>Kosrae:</b> rainforest; mangrove forest; caves and waterfalls; battlefields (WWII); Lelu Ruin; Menke Ruin; orange, lime &amp; tangerine</li> </ul>	<ul style="list-style-type: none"> <li>- Island treks with a local guide: caves and waterfalls (Pohnpei and Kosrae); beaches &amp; marine parks (Mangrove forest, lagoon sea-grass meadow) (Kosrae); ruins (Nam Madol &amp; Pohnpaip Petroglyphs in Pohnpei; Leluin Menke in Kosrae); mountain and hiking trail (Chuuk, Pohnpei, Kosrae)</li> <li>- Bird and flora watching</li> <li>- Staying at uninhabited islands and isolated islands</li> <li>- Visiting Battlefield (1930s to WWII) (Chuuk, Pohnpei)</li> <li>- Visiting colonial sites (Xavier High School, Kosrae State Museum, Giant Clam Farm)</li> </ul>

Source: Compiled by the survey team from the PIC tourism guidebook and SPTO website (<https://consumer.southpacificislands.travel/>)

**Table 1.13: Tourism resource and products of Kiribati**

	Tourism resource	Tourism products
Marine tourism	<ul style="list-style-type: none"> <li>- Location: Equator and International Date Line (Prime Meridian) meet</li> <li>- The world's largest and deepest Marine Protected Area – the Phoenix Islands Protected Area (PIPA, World Heritage Site)</li> <li>- The world's most unspoiled coral reef ecosystems in the remote and uninhabited islands of the Southern Lines Group that includes Millennium, Starbuck, Flint, Vostok and Malden.</li> <li>- Seabirds colonies</li> </ul>	<ul style="list-style-type: none"> <li>- Surfing in Fanning and Kiritimati Island</li> <li>- Tour of the lagoon on boat and snorkeling</li> <li>- Small to medium scale cruises such as Adventure Cruises, Expedition cruises and Ocean Cruises</li> <li>- Diving &amp; Snorkeling</li> </ul>
Other tourism	<ul style="list-style-type: none"> <li>- Unique culture: dance and Kiribati sailing canoe (lightest and fastest); lifestyle (extended families, forming clans, mwaneaba)</li> <li>- <b>Tarawa Atoll:</b> battlefield (Pacific War); town (Betio &amp; Bairiki); homestay at traditional villages (near Tarawa Atoll)</li> <li>- <b>Christmas Island:</b> colonial ruins; National Day (12<sup>th</sup> July); Easter &amp; Christmas celebrations; Youth Day (5<sup>th</sup> August)</li> </ul>	<ul style="list-style-type: none"> <li>- Cultural Experience &amp; outer island adventure holidays</li> <li>- Traditional outrigger canoe races and traditional dancing contests</li> <li>- Birdwatching &amp; wildlife tours (Line Islands and Phoenix Islands Protected Area)</li> <li>- WWII Battlefield tours and commemoration Events</li> </ul>

Source: Compiled by the survey team from the PIC tourism guidebook and SPTO website (<https://consumer.southpacificislands.travel/>)

**Table 1.14: Tourism resource and products of Marshall Islands**

	Tourism resource	Tourism products
Marine tourism	<ul style="list-style-type: none"> <li>- One of 4 atoll nations in the world</li> <li>- Marine lives</li> <li>- Coral reef (one of healthiest in the world)</li> <li>- Dozens of WWII ship and plane wrecks</li> </ul>	<ul style="list-style-type: none"> <li>- Scuba diving &amp; snorkeling (Majuro, Arno, Jaluit, Rongelap, Mili &amp; Likiep)</li> <li>- Wreck diving (Bikini)</li> <li>- Fishing (1,000 species of fish): flyfishing, trolling, casting/whipping (Majuro &amp; Arno)</li> <li>- Canoe tour</li> </ul>
Other tourism	<ul style="list-style-type: none"> <li>- Town: DUD (Darrit, Ulga &amp; Delap) district</li> <li>- Birds</li> <li>- Alele Museum; Peace Park Memorial</li> <li>- Waan Aelon in Majol canoe house</li> <li>- Qualified Handicraft</li> <li>- Copra processing plant</li> <li>- Unique skills and technologies adapted to the atoll and oceanic environment: fishing, canoe, navigation skill</li> <li>- Marshalls Billfish Club: sport fishing promoter in Marshall and Micronesia</li> </ul>	<ul style="list-style-type: none"> <li>- Visiting isolated islands</li> <li>- Visiting atolls: Arno, Bikini (world heritage site), Jaluit (Ramsar Convention Wetland), Wotje, Likiep &amp; Rongelap</li> </ul>

Source: Compiled by the survey team from the PIC tourism guidebook and SPTO website (<https://consumer.southpacificislands.travel/>)

**Table 1.15: Tourism resource and products of Nauru**

	Tourism resource	Tourism products
Marine tourism	<ul style="list-style-type: none"> <li>- Coral reef beyond sandy shores</li> </ul>	<ul style="list-style-type: none"> <li>- Fitted for the adventurous type of visitor</li> <li>- Marine activities: Anibare Bay or old fishing port</li> <li>- Game fishing (Deep Blue)</li> </ul>
Other tourism	<ul style="list-style-type: none"> <li>- Town: Civic centre, Church</li> <li>- Phosphorus mine related facilities</li> <li>- Variety of birds includes the endangered and only indigenous Nauruan canary.</li> <li>- Frigate bird catching; Noddy bird catching</li> <li>- Events: Angam Day (October); Nauru Independence Day (January); Constitution Day (May); Olympic Day Run (July)</li> </ul>	<ul style="list-style-type: none"> <li>- Excursion of the island</li> <li>- Phosphorus mine tour</li> <li>- World War relics tour</li> </ul>

Source: Compiled by the survey team from the PIC tourism guidebook and SPTO website (<https://consumer.southpacificislands.travel/>)

**Table 1.16: Tourism resource and products of Palau**

	Tourism resource	Tourism products
Marine tourism	<ul style="list-style-type: none"> <li>- Diving spots</li> <li>- Rock Island (World Heritage Site)</li> <li>- Dolphins Pacific</li> </ul>	<ul style="list-style-type: none"> <li>- Scuba diving &amp; snorkeling</li> <li>- Beach</li> <li>- Fishing</li> <li>- Boat tour; Kayaking</li> </ul>
Other tourism	<ul style="list-style-type: none"> <li>- Colonial ruins (Japanese rule)</li> <li>- Koror: Museums, Coral Reef Center, Shakogai Center</li> <li>- War sites (Peleliu &amp; Angaur)</li> </ul>	<ul style="list-style-type: none"> <li>- Excursion of Koror</li> <li>- Babeldaob tour; highking &amp; bird watching</li> <li>- Souvenir (shopping centers)</li> <li>- View World War II Relics</li> <li>- Bird's Eye View (Visiting Rock Island from air)</li> </ul>

Source: Compiled by the survey team from the PIC tourism guidebook and SPTO website (<https://consumer.southpacificislands.travel/>)

### 1.3.2. Melanesia

Fiji and PNG are countries with a large land area and a large population, and they have a diverse culture. However, there are differences in the origins of that cultural diversity. Fiji has seen an ancient fusion of Melanesian and Polynesian cultures, and from the 19th century onward, cultural coexistence and integration has increased with the migration of people of Indian and European descent. On the other

hand, PNG was tribalized by people living in different environments, such as the coastal and highland areas of New Guinea and the Bismarck Islands. While some of these diverse cultures have been developed for tourism, there are also many resources that could be developed in the future. Solomon Islands and Vanuatu have a history of having been colonized by the British and French, but the traditions of tribal societies remain.

All four Melanesian countries have marine tourism resources such as diving and sport fishing, which are the most developed in Fiji. The four countries also have volcanic terrain, rainforests, and wildlife and plant and animal resources.

PNG (Bismarck Islands) and Solomon Islands have the remains of the Second World War and tourism activities that developed these resources.

**Table 1.17: Tourism resource and products of Fiji**

	Tourism resource	Tourism products
Marine tourism	<ul style="list-style-type: none"> <li>- 332 islands setup in a horseshoe configuration</li> <li>- Coral reefs (Soft &amp; hard corals)</li> <li>- 1,200 species of fish and a dozen species of whales and dolphins</li> </ul>	<ul style="list-style-type: none"> <li>- Surfing, wind/kite surfing</li> <li>- Scuba diving and snorkeling (Shark Reef &amp; Braiwater)</li> <li>- Sport fishing</li> <li>- Resort cruise (half day to some days)</li> <li>- Staying and swimming at beaches</li> <li>- Swim with huge harmless manta rays,</li> <li>- Sea kayaking; Stand up paddle boarding,</li> <li>- Sky dive, Sky boarding, Kite,</li> <li>- Parasailing,</li> <li>- Dolphin watching,</li> </ul>
Other tourism	<ul style="list-style-type: none"> <li>- Volcanic terrain (but no active volcanoes); a few small hot springs; unique tropical forests.</li> <li>- More than 2,000 indigenous plant species; mangroves covering large portions of Fiji's coastal regions</li> <li>- More than 100 species of birds; endemic animals</li> <li>- Numerous streams and waterfalls (Bouma Falls)</li> <li>- Mix of Melanesian culture &amp; Polynesian culture (Kaiviti)</li> <li>- Diversified culture: indigenous Fijians, Indians, Chinese, Europeans and South Pacific Islanders</li> <li>- Traditional Fijian's lifestyle</li> <li>- Town: Nandi &amp; Lautoka, Suba, Levuka (former capital, World Heritage Site)</li> <li>- Sun coast (Lautoka to Rairaki; sugar belt)</li> <li>- Festivals: Hibiscus Festival; Friendly North Festival; Sugar Festival; Farmers Carnival; Bula Festival in Nadi; Back to Levuka Festival; Vula I Balolo.</li> </ul>	<ul style="list-style-type: none"> <li>- Trekking excursions and off-road cave tours</li> <li>- Visiting traditional villages</li> <li>- Shopping (Pacific Harbor)</li> <li>- Guided tours or excursion at Lautoka Suba &amp; Nadi</li> <li>- Visiting islands: northern islands &amp; Kadavu</li> <li>- Wedding &amp; honeymoon</li> <li>- Sports (Golf, tennis)</li> </ul>

Source: Compiled by the survey team from the PIC tourism guidebook and SPTO website (<https://consumer.southpacificislands.travel/>)

**Table 1.18: Tourism resource and products of PNG**

	Tourism resource	Tourism products
Marine tourism	<ul style="list-style-type: none"> <li>- Diving spots</li> <li>- Marine species: twice as many species as the waters of the Red Sea, and up to five times as many as the Caribbean</li> </ul>	<ul style="list-style-type: none"> <li>- Scuba diving</li> <li>- Surfing</li> <li>- Fishing (trolling)</li> </ul>
Other tourism	<ul style="list-style-type: none"> <li>- Traditional dance Highland Shows (Mount Hagen in August &amp; Goroka in September)</li> <li>- Diversified traditional Culture (highland provinces): life events (feasts, marriages, compensation ceremonies, and initiation rites), languages, architectures, weaponry, mask, drum</li> <li>- Town: Port Moresby</li> <li>- War sites (In particular East New Britain Province)</li> <li>- Diversified landscape: volcanic mountains, highlands, large rivers, dense tropical rainforests, fertile coastal plains, flooded delta regions, mangrove swamps, broad</li> </ul>	<ul style="list-style-type: none"> <li>- War site tour (Kokoda Trail)</li> <li>- Trekking &amp; mountaineering</li> <li>- Nature watching (birds, animals, butterflies and insects, orchids &amp; plants)</li> <li>- Rafting; river cruise</li> <li>- Sinsin show</li> <li>- River cruise (Sepic River)</li> <li>- Town tour (Port Moresby)</li> </ul>

	Tourism resource	Tourism products
	<ul style="list-style-type: none"> <li>sandy beaches, sheltered and pristine coral atolls.</li> <li>- Birds (over 700 species) and insects (Queen Alexandra Birdwing) in the rainforest</li> <li>- Orchids (3,000 kinds of orchid)</li> <li>- Rivers: from gentle rippling streams to explosive rapids</li> <li>- Variarata National Park (the first national park near Port Moresby): walking trails &amp; bird watching</li> </ul>	

Source: Compiled by the survey team from the PIC tourism guidebook and SPTO website (<https://consumer.southpacificislands.travel/>)

**Table 1.19: Tourism resource and products of Solomon Islands**

	Tourism resource	Tourism products
Marine tourism	<ul style="list-style-type: none"> <li>- Coral reef and marine lives (fish, rays and turtles)</li> <li>- Large number of ship and plane wrecks scattered around the islands (remains of WW II)</li> </ul>	<ul style="list-style-type: none"> <li>- Scuba diving (Gela Island, Mabolo Lagoon, diving cruise)</li> <li>- Snorkeling</li> <li>- Surfing</li> <li>- Fishing: game, reef, wreck, beach and estuary fishing</li> <li>- Dolphin swimming</li> <li>- Beach picnic</li> </ul>
Other tourism	<ul style="list-style-type: none"> <li>- The third largest archipelago in the South Pacific</li> <li>- Mountains &amp; rainforests; waterfalls</li> <li>- 4,500 plant species and 173 species of birds including endemic to the Solomons</li> <li>- Honiara and around</li> <li>- Handicraft (Nuzunuzu)</li> <li>- Ngali nut</li> <li>- Butterfly</li> <li>- WW II sites &amp; museums</li> <li>- Malaita: shell money still in circulation as traditional money.</li> <li>- Shell jewelry</li> <li>- Panpipe music: by a bundle of different size of thin bamboo tubes</li> <li>- Annual Trade and Cultural Show; Vatateke Festival</li> <li>- Lagoon festival in November: showcase of the famous tomokos (war canoes) in the Roviana lagoon in Western Province</li> <li>- Traditional lifestyle: Wantok system (strong communal, clan and family ties)</li> </ul>	<ul style="list-style-type: none"> <li>- Isolated islands tour</li> <li>- Golf</li> <li>- Highking &amp; trekking: heathen villages of Malaita Province, the rainforests of the West, or the volcanic Savo Island.</li> <li>- Eco-tour</li> <li>- Adventure tour</li> <li>- War history tour</li> </ul>

Source: Compiled by the survey team from the PIC tourism guidebook and SPTO website (<https://consumer.southpacificislands.travel/>)

**Table 1.20: Tourism resource and products of Vanuatu**

	Tourism resource	Tourism products
Marine tourism	<ul style="list-style-type: none"> <li>- Soft corals, plate corals, sponges</li> <li>- Beaches</li> <li>- Abundant sea life</li> <li>- Wrecks: planes, an old sailing ship, a destroyer, the mightiest shipwreck in the world, the SS "President Coolidge".</li> <li>- Mountainous underwater terrain with plunging cliffs, grottoes and overhangs, huge caves, and intricate</li> </ul>	<ul style="list-style-type: none"> <li>- Scuba diving, snorkeling</li> <li>- Cruise, yacht, Kayak: day and overnight to the nearby islands of Hat, Pele, Moso, Nguna, Lelepa, and Kakula.</li> <li>- Fishing (trolling)</li> <li>- Marine sports (Water skiing, window surfing, parasailing, canoe)</li> </ul>
Other tourism	<ul style="list-style-type: none"> <li>- Volcanos: Yasur volcano on Tanna Island; active &amp; extinct volcanos</li> <li>- Rainforest: a distinct terrestrial ecoregion known as the Vanuatu rain forests</li> <li>- Bird species: 32 seabirds, 15 shorebirds and 74 land &amp; freshwater birds</li> <li>- Big Bay Conservation Area: the first national park</li> <li>- Vanuatu Cultural Centre In Port Villa</li> <li>- ni-Vanuatu culture: storytelling, songs and dances; body decorations and tattoos, elaborate masks, hats, and carvings</li> <li>- Nagol: the role model for the modern bungee jumping</li> <li>- Espiritu Santo Island: away from the masses; Mt. Tabwemasana (1,879metres high)</li> </ul>	<ul style="list-style-type: none"> <li>- Visiting volcanos</li> <li>- Shopping at Port Villa</li> <li>- Golf</li> </ul>

Source: Compiled by the survey team from the PIC tourism guidebook and SPTO website (<https://consumer.southpacificislands.travel/>)

### 1.3.3. Polynesia

The Polynesian countries are island nations with one or more relatively small areas, where the marine environment and maritime lifestyle are the main tourism resources rather than the nature and lifestyle on the land. Cook Islands and Niue, two of the most developed Polynesian islands, have a close economic relationship with New Zealand through free association, which may be one of the reasons for their advanced position in tourism development.

Samoa and Tonga are constitutional monarchies with traditional societies and resources that could be linked to tourism development. Tuvalu is facing the threat of sea level rise due to global warming, and tourism development is constrained by the issue.

All four countries other than Tuvalu have marine tourism resources such as scuba diving, marine sports, and game fishing that are being developed.

**Table 1.21: Tourism resource and products of Cooks Islands**

	Tourism resource	Tourism products
Marine tourism	<ul style="list-style-type: none"> <li>- South cook (9 islands): volcanos and atolls</li> <li>- North cook (6 islands) atoll islands</li> <li>- Muri Beach and other beaches at Rarotonga Island</li> </ul>	<ul style="list-style-type: none"> <li>- Scuba diving (around lagoons off Rarotonga island)</li> <li>- Snorkeling (anywhere inside the reefs)</li> <li>- Sailing windsurfing, kayaking (Muri lagoon at Rarotonga)</li> <li>- Fishing: saltwater fly and light-tackle sports fishing, to deep sea game fishing</li> <li>- Whale watching (Offshore of Nikao &amp; Arorangi)</li> <li>- Lagoon cruise (Aitutaki)</li> </ul>
Other tourism	<ul style="list-style-type: none"> <li>- Traditional Polynesian culture (pre-Christian culture)</li> <li>- Cultural music and dance (Polynesian dance)</li> <li>- Handicrafts: jewelry, traditional and contemporary art &amp; crafts, and clothing</li> <li>- Ritohats and rito fans</li> <li>- Pareus, hand stitched quilts (Tivaevae)</li> <li>- Polynesian tattoo</li> <li>- Wood carvings with traditional Polynesian motifs</li> <li>- Pearl</li> <li>- Umukai, chicken, pork, fish and vegetables baked in an underground oven</li> <li>- Mitiore: grated coconut that is then fermented and flavored with an abundance of seafood</li> <li>- Ika Mata: a dish featuring marinated fish with lemon, coconut milk, and tomatoes</li> </ul>	<ul style="list-style-type: none"> <li>- Rental car &amp; rental bicycle</li> <li>- Cross island trekking</li> <li>- Visiting local villages, historical buildings, churches, and ancient sites</li> <li>- Safari tours: Take a 4WD tour of Rarotonga, Aitutaki and Atiu into their lush rainforest interior to hear the island's ancient stories and learn about traditional plants.</li> <li>- Dance show (Island Night)</li> <li>- Wedding</li> <li>- Spa (In-house massage services, waterfall spa)</li> <li>- Shopping at Avarua (accessories with black pearl &amp; shells, noni juice)</li> <li>- Te Maeva Nui Constitution Celebration</li> <li>- Te Mire Ura: an annual event for dancing run by the Ministry of Cultural Development</li> <li>- Cook Islands International 7s: International Rugby 7<sup>th</sup> competition</li> <li>- Vaka Eiva: a weeklong paddling festival</li> <li>- International kite surging competition</li> </ul>

Source: Compiled by the survey team from the PIC tourism guidebook and SPTO website (<https://consumer.southpacificislands.travel/>)

**Table 1.22: Tourism resource and products of Niue**

	Tourism resource	Tourism products
Marine tourism	<ul style="list-style-type: none"> <li>- A small island of volcanic origin; one of the largest coral islands in the world (different with other Polynesian islands which have long stretches of sandy beaches).</li> <li>- Diving spots: rugged and rocky terrain; steep cliffs along the coastline; caves, chasms, and blowholes.</li> <li>- Array of marine life includes turtles, dolphins, whales and all manner of fish (one of only three places in the world where you can swim with whales).</li> </ul>	<ul style="list-style-type: none"> <li>- Scuba diving &amp; snorkeling; swimming</li> <li>- Fishing</li> <li>- Dolphin &amp; whale watching</li> <li>- Canoe tour</li> </ul>



	Tourism resource	Tourism products
Other tourism	<ul style="list-style-type: none"> <li>- Rainforest (one fourth of the island)</li> <li>- Wildlife (birds and flora)</li> </ul>	<ul style="list-style-type: none"> <li>- Cave tour (Avaiki Cave, Palaha Cave)</li> <li>- Cycling</li> <li>- Golf</li> <li>- Excursion of the island; forest and coastal walks</li> <li>- Town tour</li> <li>- Shopping</li> </ul>

Source: Compiled by the survey team from the PIC tourism guidebook and SPTO website (<https://consumer.southpacificislands.travel/>)

**Table 1.23: Tourism resource and products of Samoa**

	Tourism resource	Tourism products
Marine tourism	<ul style="list-style-type: none"> <li>- Pristine coastline; sandy beach</li> <li>- Blowholes</li> <li>- Dolphins, whales, porpoises, and turtles are regular visitors to the surrounding waters and the reefs around the islands are home to some 900 fish species and over 200 varieties of coral.</li> </ul>	<ul style="list-style-type: none"> <li>- Scuba diving, Snorkeling</li> <li>- Wind surfing</li> </ul>
Other tourism	<ul style="list-style-type: none"> <li>- Le Pupu-Pue National Park that protects a wide area including the summits of Mount Fito</li> <li>- Snorkeling paradise Palolo Deep Marine Reserve with its sudden drop, walls of corals and myriad tropical fish</li> <li>- Saanapu and Sataoa Mangroves, and several magnificent waterfalls.</li> <li>- Falealupo Rainforest Preserve; Tafua Peninsula Rainforest Preserve</li> <li>- Waterfalls; Piula Cave Pool</li> <li>- Flora and fauna</li> <li>- Fa'a-Samoa: Samoan way of life; matai, aigafale fono &amp; maota</li> <li>- Traditional dances: Siva, Flafia, Puleitasi</li> <li>- Traditional tattooing (tatau/sogaimiti and malu)</li> <li>- Savaii Island: Salelologa (town), Fagamalo (village), Alofaaga Blowholes, Stone Pyramid (Tia Seu Ancient Mound), Lovers Leap, Cape Mulinu'u, Falealupo Rainforest Preserve &amp; Canopy Walkway</li> </ul>	<ul style="list-style-type: none"> <li>- Cycling</li> <li>- Tour to experience traditional culture tour: Samoa cultural village</li> <li>- Shopping souvenirs: handicraft shop around Apia</li> <li>- Adventure tour: national parks and rainforest reserves, etc.</li> </ul>

Source: Compiled by the survey team from the PIC tourism guidebook and SPTO website (<https://consumer.southpacificislands.travel/>)

**Table 1.24: Tourism resource and products of Tonga**

	Tourism resource	Tourism products
Marine tourism	<ul style="list-style-type: none"> <li>- Sandy beaches, colorful coral reef</li> <li>- Marine lives: sea turtles, manta rays, tuna, marlin and wahoo, whale sharks</li> </ul>	<ul style="list-style-type: none"> <li>- Scuba diving (Tongatapu Island); Snorkeling</li> <li>- Surfing</li> <li>- Game fishing</li> <li>- Whale swimming/ whale watching</li> <li>- Ha'apai Islands, Lifuka Island: Scuba diving, beach</li> <li>- Vava'u Islands: Scuba diving, Snorkeling, Whale swimming/ whale watching</li> <li>- Kayak</li> </ul>
Other tourism	<ul style="list-style-type: none"> <li>- Volcanic islands rising directly from the ocean floor, and seismically uplifted coral limestone islands overlaying an older volcanic base.</li> <li>- Eua National Park: Tonga's premier nature destination and bird watchers' paradise</li> <li>- Rich Polynesian culture</li> <li>- Traditional dance</li> <li>- Cradle of Polynesian culture and civilization as well as Samoa and Fiji</li> <li>- one of the most scenic and unspoiled of the Pacific island nations</li> <li>- Nuku'alofa: Royal Palace, Royal Tombs, and many colonial houses still in use, churches, and colorful markets</li> <li>- Tongatapu: shopping spot</li> </ul>	<ul style="list-style-type: none"> <li>- Nuku'alofa (town tour): Royal Palace, Royal Tombs,</li> <li>- Jungle adventure with kart (kart safari)</li> <li>- Bird watching tour with local guide</li> <li>- Both international and Tongan cuisine</li> </ul>

Source: Compiled by the survey team from the PIC tourism guidebook and SPTO website (<https://consumer.southpacificislands.travel/>)

**Table 1.25: Tourism resource and products of Tuvalu**

	Tourism resource	Tourism products
Marine tourism	- One of the smallest and most secluded destination in the world and a perfect place for seclusion and tranquility	- Funafuti conservation area & Funafala Islet: snorkeling, boat tour - Visiting small islands
Other tourism	- Funafuti Conservation Area: five islets along the western side of the atoll; native broadleaf forest and coral sand beaches home to coconut crabs, nesting seabirds, and green turtles - smallness and secluded location: a part of its attraction - "David's Drill": history of experimental drilling in the late 1800s to test Charles Darwin's theory of atoll formation - Remains of World War II: US military base & remains of war planes and landing craft - Fongafale: causeway: eroded due to sea level rise - Distinctive social Polynesian culture: unique social organization, art, crafts, architecture, music, dance, and legends	- Shopping souvenirs - Seafood meals

Source: Compiled by the survey team from the PIC tourism guidebook and SPTO website (<https://consumer.southpacificislands.travel/>)

#### 1.3.4. Evaluation of tourism activities in the World Bank's background paper

"Tourism: Pacific Possible Background Paper No. 4"<sup>24</sup>, published by the World Bank in 2016, assessed tourism activities already developed in 11 PICs excluding Nauru, Cook Islands, and Niue from the 14 PICs (Table 2.26 and Table 1.27). The paper assesses that Fiji, PNG, Samoa, and Vanuatu have a variety of tourism activities, while the FSM, Marshall Islands, and Palau in the Micronesia region have limited tourism activities so far.

On the other hand, the paper also points out that there are potential tourism resources to be developed in the countries, which is currently assessed as having limited tourism activities.

**Table 1.26: Evaluation of tourism activities in 11 PICs (1)**

Country	Adventure	Surfing	Beach	Cruise	Culture	Diving & snorkeling
Fiji		X	X	X	X	X
FSM						X
Kiribati						
Marshall Islands						X
Palau			X			X
PNG	X	X		X	X	X
Samoa		X	X	X	X	X
Solomon Islands		X	X		X	X
Tonga		X	X	X	X	X
Tuvalu						
Vanuatu	X		X	X	X	X

Source: Tourism Pacific Possible Background Paper No. 4 Table 4 (P. 13), 2016, World Bank

<sup>24</sup> This report is also discussed in Chapter 3, Section 3.4.2.

**Table 1.27: Evaluation of tourism activities in 11 PICs (2)**

Country	Eco-tourism	Fishing	Romance	Historical sites	Spa & wellness
Fiji			X		X
FSM					
Kiribati		X		X	
Marshal Islands		X			
Palau					
PNG	X			X	
Samoa					X
Solomon Islands				X	
Tonga	X	X		X	
Tuvalu	X				
Vanuatu	X	X			

Source: Tourism Pacific Possible Background Paper No. 4 Table 4 (P. 13), 2016, World Bank

## 2. Status of tourism in Pacific Islands Countries (2)

### 2.1. Tourism infrastructure

#### 2.1.1. Access by air

Air and sea routes are the only access to the Pacific Island countries. The only sea access for visitors is cruise ship tourism, and there are no regular sea routes. Therefore, capacity and convenience of air routes is important condition for affecting upper limit of the number of tourists in each country. Currently, air access has been severely damaged by COVID-19, and their recovery processes are not clear. In this section, the survey team reviews airport facilities to identify the potential for receiving visitors from each country. The network status of each airport's flights before COVID-19 was also studied.

#### (1) Summary of Airport facility and usage

Table 2.1 shows the facilities and usage of international airports in 14 Pacific Island countries.

**Table 2.1: Summary of airport facility and usage**

Country	Airport name	Runway (length x width)	International destinations	Annual Number of Passengers	Annual total aircraft movement
Cook Islands	Rarotonga (Avarua)	2328x46	Auckland, Los Angeles, Sydney, Papeete	348,017 (2017)	1,929 (2017)
Fiji	Nadi (Laudoka)	3206x46 2134x46	Adelaide, Auckland, Apia, Bonriki, Cassidy, Honiara, Nauru, Nouméa, Brisbane, Christchurch, Hong Kong, Honiara, Honolulu, Kiritimati, Los Angeles, Melbourne, Nuku'alofa, Port Moresby, Port Vila, San Francisco, Seoul, Singapore, Sydney, Tokyo-Narita, Vava'u, Wallis Island,	2,398,000 (2014)	91,690 (2014)
	Nausori (Suva)	1868x30	Auckland, Funafuti, Nuku'alofa, Port Vila, Sydney	241,000	-
Kiribati	Bonriki (Tarawa)	2011x41	Nadi, Majuro, Nauru, Honiara	100,201 (2017)	11,768 (2017)
	Cassidy (Kiritimati)	2103x46	Honiara, Honolulu, Nadi	13,000 (2017)	156 (2017)
Marshall Islands	Amata Kabua	2412x46	Bonriki, Chuuk, Guam, Honolulu, Kosrae, Kwajalein, Nauru, Pohnpei	Not available	3,744 (2009)
FSM	Chuuk	1833x46	Port Moresby, Guam, Honolulu, Kosrae, Kwajalein, Majuro, Pohnpei	7,200 (2017)	250 (2017)
	Kosrae	1753x46	Chuuk, Guam, Honolulu, Kwajalein, Majuro, Pohnpei	4,800 (2017)	480 (2017)
	Pohnpei	2012x46	Chuuk, Guam, Honolulu, Kosrae, Kwajalein, Majuro, Port Moresby	7,200 (2017)	480 (2017)
	Yap	1829x46	Guam	7,200 (2017)	250 (2017)
Nauru	Nauru	2,150x	Bonriki, Brisbane, Majuro, Nadi,	-	-
Niue	Hanan	2335x45	Auckland	-	-
Palau	Roman Tmetuchl (Koror)	2195x60	Guam, Macau, Manila, Seoul, Taipei, Tokyo-Narita,	200,000 (2017)	1,440 (2017)
PNG	Jacksons (Port Moresby)	2,750x 2066x	Brisbane, Cairns, Chuuk, Hong Kong, Honiara, Manila, Nadi, Pohnpei, Port Vila, Singapore, Sydney, Tokyo-Narita	-	-
	Mount Hagen	1097x 2190x30	-	-	-
	Alotau	1690x	-	-	-
Samoa	Faleolo (Apia)	3000x45	Auckland, Brisbane, Honolulu, Nadi, Pago Pago, Sydney	-	-
Solomon	Honiara	2200x45	Bonriki, Brisbane, Cassidy, Nadi,	250,000 (2017)	3,600 (2014)

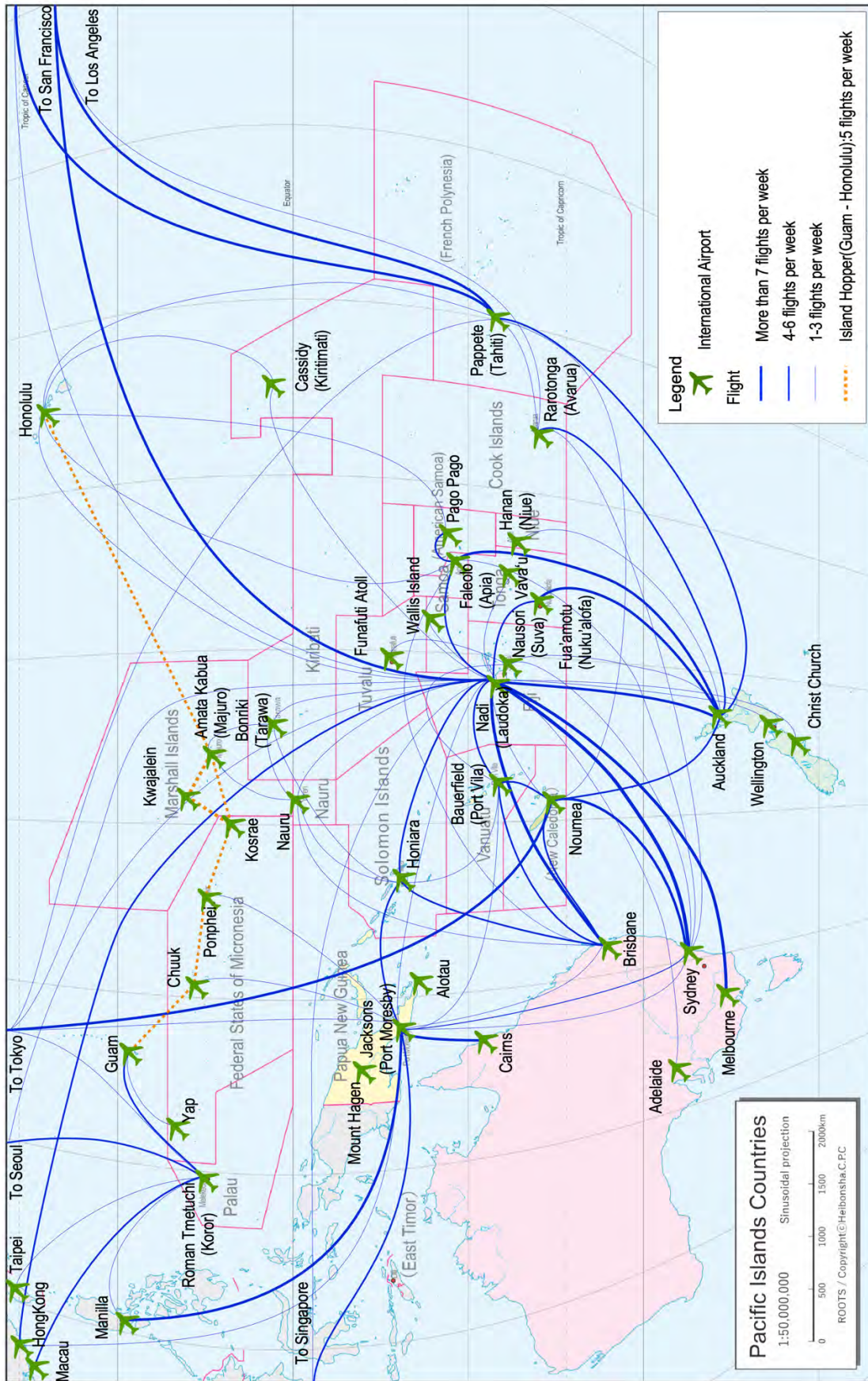
Country	Airport name	Runway (length x width)	International destinations	Annual Number of Passengers	Annual total aircraft movement
Islands			Nauru, Port Moresby, Port Vila, Sydney		
Tonga	Fua'amotu (Nuku'Alofa)	2681x45 1509x1115	Auckland, Nadi, Suva, Pago Pago	180,000 (2016)	4,064 (2016)
Tuvalu	Funafuti Atoll	1524x	Bonriki, Suva	-	-
Vanuatu	Bauerfield (Port Vila)	2600x45m	Nouméa, Honiara, Port Moresby, Nadi, Suva, Brisbane	-	-

Note: - Data id not available.

Source: AirNav.com (<https://www.airnav.com/airport/>); LCA Homepage (<https://dlca.logcluster.org/>)

All international airports have runways available for landing and take-off at least Boeing 737-800 or Airbus 320 class aircraft. Fiji's Nadi Airport functioned as the hub airport for the region taking into account of passengers and flights, and the other regional hub airport is Jackson Airport in PNG. The other airports do not function as international transfer airports.

Figure 2.1 shows air routes of the Pacific Islands countries as of January 2019.



Source: Prepared by the study team from Fly Team website (<https://flyteam.jp/>)

**Figure 2.1: Situation of air routes in Pacific Islands Countries (As of January 2019)**

## (2) Access status to airports in Micronesia region

This section describes the accessibility of international airports in the Marshall Islands, FSM, and Palau, by compiling the number of weekly flights to other airports and the types of aircraft and airlines based on January 2019.

### Marshall Islands

Majuro Airport has a runway which can accommodate Boeing 737-800s. The main access for international flights is a line called “Island Hopper”, which connects Guam and Hawaii. It relays between Guam-Hawaii and the Majuro and FSM airports located between Guam and Hawaii. The flight is shared with passengers for all destinations and transit points. So that, there are less passenger volumes for each transit point compared to the size of the aircraft. It is accessible from Guam and Hawaii every day. The time required from Guam changes every day as the transit point changes. It takes approximately 9 hours from Guam and less than 5 hours from Hawaii. The airport has domestic flights, too.

**Table 2.2: Access to Majuro Airport (As of January 2019)**

Destination	Frequency	Aircraft	Airline	Remarks
Guam	7 flight per week	B737-800	United	Via Chuuk, Kosrae, Pohnpei
Honolulu	7 flight per week	B737-800	United	
Nauru	2 flight per week	B737	Nauru Airlines	
Bonriki	2 flight per week	B737	Nauru Airlines	

Source: <https://flyteam.jp/>

### FSM

In the FSM, there are airports in the states of Chuuk, Kosrae, Pohnpei, and Yap. Yap Island has direct flights to Guam, and the other three airports are staging points for a flight called Island Hopper, which, connects Guam to Honolulu as same as case of Majuro Airport. Island Hopper is operated by United Airline. Compared to Majuro, the number of flights per week is small. From Kosrae Pohnpei, there used to be a weekly flight to Nauru (Tarawa). Flights to Port Moresby used to be available from Pohnpei.

**Table 2.3: Access to Chuuk International Airport (As of January 2019)**

Destination	Frequency	Aircraft	Airline	Remarks
Guam	5 flight per week	B737-800	United	
Honolulu	4 flight per week	B737-800	United	Via Kosrae, Pohnpei, Majuro

Source: <https://flyteam.jp/>

**Table 2.4: Access to Kosrae International Airport (As of January 2019)**

Destination	Frequency	Aircraft	Airline	Remarks
Guam	3 flight per week	B737-800	United	Via Chuuk, Pohnpei,
Honolulu	3 flight per week	B737-800	United	Via Majuro
Tarawa	1 flight per week	B737-300	Nauru Airlines	- Dec 2016

Source: <https://flyteam.jp/>

**Table 2.5: Access to Pohnpei International Airport (As of January 2019)**

Destination	Frequency	Aircraft	Airline	Remarks
Guam	5 flight per week	B737-800	United	Via Chuuk,
Honolulu	4 flight per week	B737-800	United	Via Kosrae,Majuro
Port Moresby	1 flight per week	Fokker 70	Air Niugunia	Via Chuuk
Tarawa	1 flight per week	B737-300	Nauru Airlines	- Dec 2016

Source: <https://flyteam.jp/>

**Table 2.6: Access to Yap International Airport (As of January 2019)**

Destination	Frequency	Aircraft	Airline	Remarks
Guam	2 flight per week	B737-800	United	
Palau	1 flight per week	B737-700	United	- Jan 2017

Source: <https://flyteam.jp/>

### Palau

As same as the FSM, access from Guam is the most common, followed by Saipan. In addition, there is direct access from Hong Kong and Macau, Manila, Taiwan, Japan, and Korea<sup>1</sup>.

**Table 2.7: Access to Roman Tmetuchl International Airport (As of January 2019)**

Destination	Frequency	Aircraft	Airline	Remarks
Guam	7 flight per week	B737-700	United	
Incheon	1 flight per week	A321	Asiana	As of Sep 2020
Taoyuan	1 flight per week	B737-800	China Air	As of Sep 2020
Manilla	2 flight per week	B737-800	United	
Macau	4 flight per week	A319	Lanmei Air	
Tokyo-Narita	2 flight per week	B767-300	JAL	
Nagoya-Chubu	1 flight per week	B767-300	JAL	- Apr 2015
Osaka-Kansai	2 flight per week	A321	Asiana	- Mar 2017
HongKong	2 flight per week	B737-800	Albanian Air	- Apr 2014
Saipan	4 flight per week	757	Delta	- Feb 2016
Yap	1 flight per week	B737-700	United	- Jan 2017

Source: <https://flyteam.jp/>

Flights from Guam to the FSM and the Marshall Islands are early morning departures. The flight from Honolulu is also early in the morning, and the distance is also long. Taking into these factors, the two countries are behind in terms of accessibility. This is because, no matter where the departure point is, tourist need to stay one night in Guam or Hawaii, and it takes more than two days to travel from other areas. In addition, tourism demand is not great at this moment, and with U.S.-owned airlines operating flights, it is difficult to increase the number of flights unless demand increase is significant. Access by air is a major challenge for these countries.

<sup>1</sup> Scheduled flights from Japan were suspended after May 2018, when Delta Airlines operated two non-stop flights a week between Narita and Koror. Skymark Airlines began operating international charter flights in February 2020, with the aim of starting scheduled service in the future (as of March 2020 (<https://www.aviationwire.jp/archives/191228>)). In addition, a consortium of three private Japanese companies and the Palau government have begun the expansion, maintenance, and operation of the terminal facilities at the Palau International Airport in April 2019. Roman Tmetuchl International Airport



## 2.1.2. Cruise ship call and port facility

Due to the spread of COVID-19, several severe cases of infection have been observed in some cruise ship passengers as well as crew. As of the November 2020, the U.S. Centers for Disease Control and Prevention (CDC) has issued a no sail order for cruise ship in US jurisdiction area<sup>2</sup>. This means that cruise ship tourism is more limited than it used to be. There is also concern that the cruise ship business itself may not recover in the medium term. For example, there have been cases of cruise ships being sold or disposed of for scrap<sup>3</sup>. On the other hand, some countries such as New Zealand have resumed cruise ship operations<sup>4</sup>, and it is important to keep a close eye on these trends in order to understand future trends.

### (1) Number of Cruise visitor arrival

Table 2.8 shows the number of arrivals by cruise ships to the countries/regions for which data are available. The number of people entering New Caledonia ranges from 300,000 to 500,000 per year, followed by Vanuatu (100,000 to 200,000) and Fiji (70,000 to 180,000). French Polynesia and American Samoa also have some certain numbers of people entering the country.

**Table 2.8: Cruise visitor arrivals**

Country/economy	2014	2015	2016	2017	2018	2019
America Samoa	30,011	23,717	18,235	22,329	31,615	39,431
Cook Islands	6,478					
FSM						
Fiji	87,641	113,761	170,632	184,425	187,890	74,537
French Polynesia		43,187	48,854	33,650	41,006	62,066
Kiribati	4,478	4,175	1,870	1,561	232	3,923
Marshall Islands		1,388	1,100	1,908		
Nauru						
New Caledonia	421,636	444,124	509,463	504,870	456,030	343,962
Niue				2,331		
Palau				1,200	788	
PNG	8,500	13,724	19,123	41,572	34,180	30,563
Samoa		18,871				13,212
Solomon Islands	3,701	4,348	13,523	12,061	4,984	1,888
Tonga		17,375	25,714	21,719	21,707	23,152
Tuvalu						
Vanuatu	220,205	197,471	256,482	223,551	234,567	135,357

Source: Tourist Arrivals Report, 2019, SPTO

Table 2.9 also shows the number and economic impact of cruise ship calls in PNG, Solomon Islands, Vanuatu, and Fiji. The number of passengers and economic impact per port of call is higher in Fiji and Vanuatu.

<sup>2</sup> <https://www.cdc.gov/coronavirus/2019-ncov/travelers/cruise-ship/what-cdc-is-doing.html>

<sup>3</sup> <https://edition.cnn.com/travel/article/cruise-ship-demolition-photos-aliaga-turkey/index.html>

<sup>4</sup> <https://www.stuff.co.nz/business/123021495/covid19-cuts-cruise-spending-but-the-true-impact-will-show-up-this-summer-if-borders-remain-closed>

**Table 2.9: Economic Impact of cruise ship calls in pacific Islands**

Indicators	PNG 2016	Solomon Islands 2016	Vanuatu 2014	Fiji 2018/19
Number of calls at researched ports per year	60	13	201	145
Average number of passengers per call	1,311 – 1,927	530	2,081	2,073
Average passenger spending per call (USD)	5 - 52	14	85	44
Direct economic impact per year at researched ports (USD million)	4.3	0.4	25	21.4

Source: Assessment of the Economic Impact of Cruise Tourism in Fiji October 2019<sup>5</sup>

## (2) Cruise ship operation in and around pacific Islands

JICA study team studied the coming routes of cruise ships to pacific islands on a promoted on the website.<sup>6</sup> Cruise ships routes are not connecting the shortest distances, but visiting tourism destinations. So, their route varies by the operators, which means that their routes are diverse. However, the routes to the Pacific Island countries can be roughly divided into three categories as shown in Table 2.10. Figure 2.2 shows major cruise routes in the Pacific Islands countries and Figure 2.3 shows the representative routes from major origin ports.

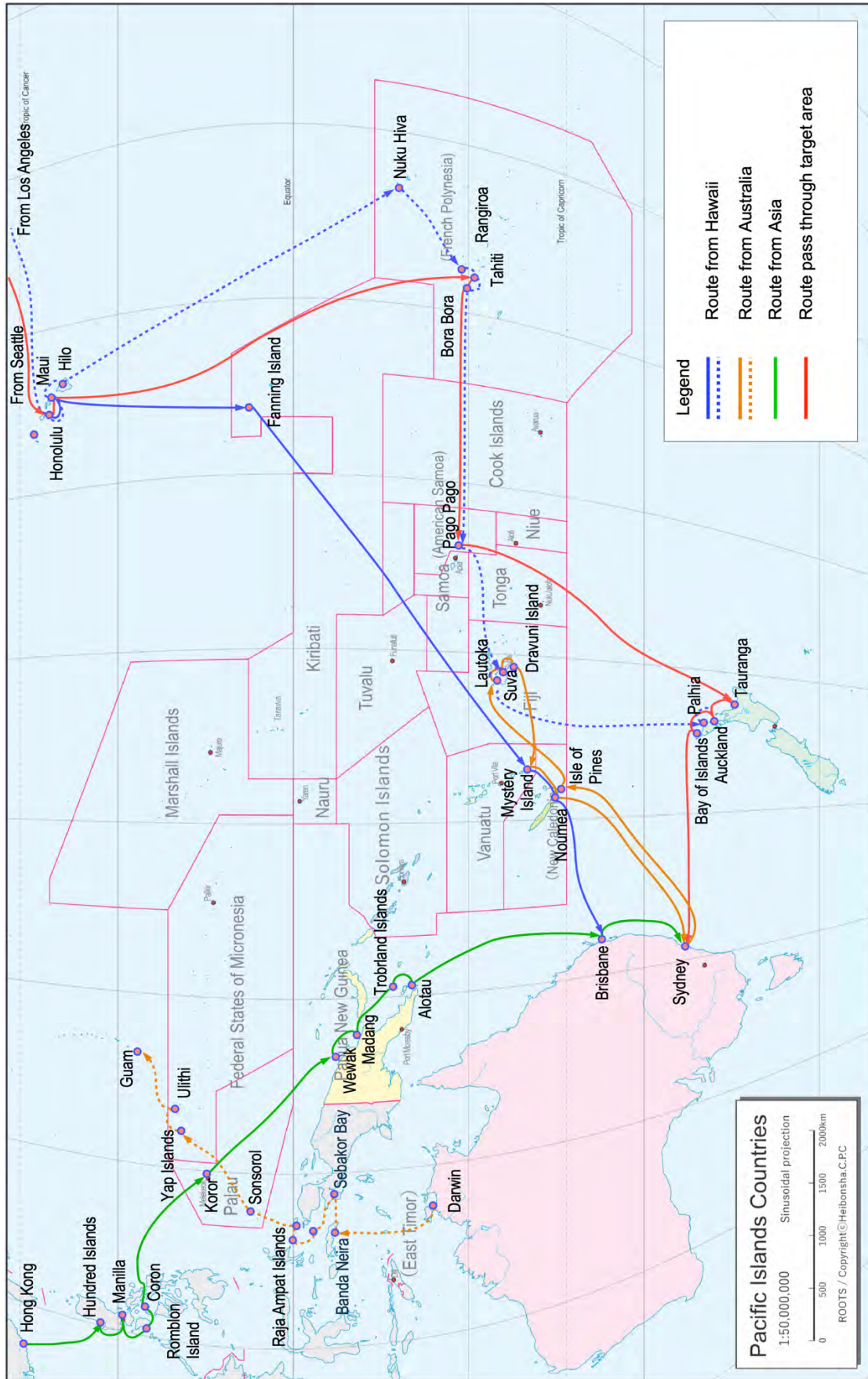
**Table 2.10: Route to Pacific Islands**

Port of departure	Sample routes
Asia	Hong Kong → Manilla → Palau → Madang Alotau etc. (PNG) → Brisbane/Sydney (Australia)
Hawaii	Honolulu → Nuku Hiva, Tahiti, Bora Bora (French Polynesia) → Pago Pago (American Samoa) → Suva, Lautoka (Fiji) → Auckland (New Zealand)
	Honolulu, Maui → Fannig Island (Kiribati) → Mystery Island (Vanuatu) → Noumea (New Caledonia) → Brisbane (Australia)
Australia/ New Zealand	Sydney (Australia) → Isle of Pines (New Caledonia) → Dravuni Island, Suva, Lautoka (Fiji) → Mystery Island (Vanuatu) → Noumea (New Caledonia) → Sydney
	Darwin → Indonesia → Sonsorol (Palau) → Yap Island, Uluthi (FSM) → Guam

Source: Prepared by the JICA study team through data from <https://www.cruisecentres.com.au>; <https://cruiseweb.com>

<sup>5</sup> <https://www.ifc.org/wps/wcm/connect/e9af1ba2-cc5d-4353-bb5f-b2b59079faa9/Fiji-Cruise-Study-2019.pdf?MOD=AJPERES&CVID=mURGZPI>

<sup>6</sup> <https://www.cruisecentres.com.au>; <https://cruiseweb.com> 等



Source: Prepared by the JICA study team from websites (<https://www.cruisecentres.com.au>; <https://cruiseweb.com>)  
**Figure 2.2: Cruise ship routes across Pacific Islands countries**



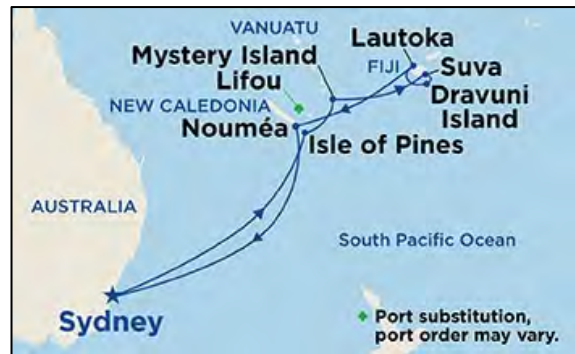
Route from Asia



Route from Hawaii (1)



Route from Hawaii (2)



Route from Australia (1)



Route from Australia (2)



Route pass through Pacific Islands

Source: Prepared by the JICA study team from websites (<https://www.cruisecentres.com.au>; <https://cruiseweb.com>)

Figure 2.3: Cruise ship route

Out of these three courses, the largest number of cruise ship came from Australia and New Zealand. However, the number of routes visiting the 14 target countries is extremely small, except for those visiting Vanuatu and Fiji. Main cruise ship call is on French Polynesia and New Caledonia, etc. outside the 14 countries.

### (3) Tourism destination and port

Table 2.11 shows port and cruise ship destinations collected from the cruise ship tourism website and port data in each country. Although many destinations are shown in the table, cruise ships visit only a few of these selected destination as well as port.

**Table 2.11: Main destination and port for cruise ship**

Country	Port and tourist destination		
Cook Islands	Aitu <b><u>Aitutaki</u></b> <b><u>Avatiu</u></b> <b><u>Arorangi (Jetty)</u></b>	Manihiki Island Palmerston Island Penrhyn Pukapuka	Rakahanga Island Rarotonga Suvarrow Atoll
Fiji	Beqa Cobia Island, Ringgolds <b><u>Dravuni</u></b> Fulanga Island, Southern Lau Group Galoa Island Kabara, Kadavu Group Kia Island Kioa, Fulanga Island Kabara Kadavu Group Kia Island Kioa, <b><u>Lautoka</u></b> <b><u>Levuka</u></b> Macuata	Makogai Island Malolo Islands Mamanuca Island Manava Cay Matacawa levu Nalauwaki Bay Nanano-i-Ra Nanuya Lailai Nanuyakoto Lailai Naviti Island Oneata, Fiji Ono-i-Lau Island Port Denarau Pulap Atoll, Qamea Island, Qilaqila, Rabi <b><u>Rotuma</u></b> Sacred Islands	Sali Sali Island <b><u>Savusavu</u></b> Sawa-I-Lau Island Somosomo, <b><u>Suva Harobur</u></b> Taveuni Island Tivua Island Totoya Island Turtle Island Vanua Levu ( <b><u>Wairiki, Malau</u></b> ) Vuaqava Wailagilala Island Waya Island Yalobi Village Yanutha Island Yasawa Island Yasawa-I-Rara Island
Kiribati	Christmas Island ( <b><u>Ronton Port</u></b> ) Fanning Isle,	Kiribati ( <b><u>Betio Port</u></b> ) Malden Island,	Starbuck Island,
Marshall Islands	Ailinglaplap Atoll <b><u>Kwajalein</u></b>	<b><u>Majuro Atoll</u></b>	Ponape
FSM	Caroline Islands, Ifalik Atoll, Yap Gaferut Atoll, Yap Kapingamarangi, Kosrae ( <b><u>Lele Harbor</u></b> ) Leleuvia,	Ngulu Atoll, Nukuoro Atoll, Oroluk Atoll, Pingelap Atoll, <b><u>Pohnpei Island</u></b> Satawal Island, Yap	Pulap Atoll Tonoas Island, Truk (Chuuk: <b><u>Port of Moen</u></b> ) Yap Island ( <b><u>Tomil Harbour</u></b> ),
Nauru	<b><u>Nauru Port</u></b> (Under development)		
Niue	Niue island ( <b><u>Alofi</u></b> )		
Palau	<b><u>Koror</u></b>	Port of Palau ( <b><u>Malkal Harbor</u></b> )	Sonsorol
PNG	Alcester Islands Ali Island <b><u>Aitape</u></b> <b><u>Alotau</u></b> Asmat, Ayau Atoll Bagabag Islan Biak	Jacquinet Bay Kafure Kaimana <b><u>Kavieng</u></b> <b><u>Kimbe Bay</u></b> Kiriwina Island Kitava Island Kwatisore	Padaidori Islands Pomio <b><u>Port Moresby and Motukea Port</u></b> Pulau Arborek Pulau Roon <b><u>Rabaul</u></b> Renard Islands



Country	Port and tourist destination		
	Bodulan Islands Bougainville ( <b><u>Kieta</u></b> ) <b><u>Port, Anewa Bay</u></b> <b><u>Buka Islands</u></b> <b><u>Buna (Oro Bay)</u></b> Calvados Chain Cape Gloucester Cape Gloucester Cenderawasih Bay Conflict Islands D'Entrecasteaux Islands <b><u>Daru</u></b> Dobu Island Doini Island Duke of York Island Egum Atoll Fergusson Islands Garove Island Hansa Bay	Lababia <b><u>Lae</u></b> Lambassa Island Lambom Laughlan Islands Long Island Lusancay Islands_ <b><u>Madang</u></b> Mamberamo River Manokwari Mansinan Island Manus Island ( <b><u>Lorengau Port</u></b> ) Marshall Bennett Islands Milne Bay Mioskon Island Miosuwundi Morobe Harbour Murik Lakes Mussau Island	Rossel Island <b><u>Samarai Island</u></b> Sepik River Sorong Tami Islands Timbunke Timika Tingwon Island Trobriand Islands Tsoi Island Tuam Island Tufi Harbour Umboi Island <b><u>Vanimo Island</u></b> Vitu (Witu) Islands Waigeo Island Wayag Island <b><u>Wewak</u></b> Woodlark Island Wuvulu Island
Samoa	<b><u>Apia</u></b>	Savai'i Island,	
Solomon Islands	Alite Harbour Anuta Island Arnavon Islands Florida Islands <b><u>Gizo Island</u></b> Green Islands Guadalcanal <b><u>Honiara</u></b> Iron Bottom Sound Karumulun Island Kennedy Island Mangalonga Island	Marau Sound Marovo Lagoon Mbike Island Nendo Island New Georgia Islands, Njari Island <b><u>Pakara point</u></b> Pavuvu Island Rennell Island Roderick Bay Star Harbour	Santa Ana Island Savo Island <b><u>Shortland Island</u></b> Tavanipupu Tetepare Tikopia Is <b><u>Tulagi</u></b> Utupua I Vanikoro Vella Lavella Is. Vona Vona Lagoon
Tonga	Foa Island Ha'apai Mounu Island <b><u>Neiafu and Nuku Islands</u></b>	Niufo'ou (Tin Can Island) Niuatoputapu, Nomuka Island <b><u>Nuku'alofa</u></b>	Ovaka, <b><u>Pangai, Lifuka Island</u></b> Vavau
Tuvalu	<b><u>Funafuti</u></b> ,	Nanumea	
Vanuatu	Ambae Ambrym Island Aneityum, Asanvari, Banks Islands Champagne Bay Emae Island, Espiritu Santo Island Havannah Harbour Hog Harbour Lamap Lamen Bay Loh Island, Torres Islands	Lopevi Island, Vanuatu Luganville Maewo Island Makura Island Malakula Island Maskelyne Island Mavea Island Million Dollar Point Moto Lava Mystery Island Nguna Island Paradise Island Pele Island Pentecost Island	<b><u>Port Vila</u></b> Ra Island, Ranon, Sana Island <b><u>Santo Port</u></b> South West Bay Tanna and Aniwa Islands Tanna Island Tomman Island Ureparapara Island Vila Wala

Note: **Port** (bold italic with underline means port)

Source: Study Team by editing <https://www.cruisecentres.com.au>; <https://cruiseweb.com>; websites of the Port Authority in each country.

### 2.1.3. Power

#### (1) Access to electricity

Table 2.12 summarizes the electricity situation in the Pacific Island countries, summarizing access rates for each country based on census data, as well as the capacity of power generation facilities and electricity generation. For the access, Census data from the World Bank are adapted because it was not possible to obtain supplier data covering all countries. There is also information on some remote islands and atolls that are unelectrified, so the ratio of the access shown in the table seemed to be higher than the actual situation. The status of generating power facilities is detailed in the "Pacific Energy Country Profile", which is cited in the source.

**Table 2.12: Access to electricity and status of power generation**

Country/ economy	Access to electricity (%) <sup>*</sup>			Total installed generation capacity (MW) <sup>**</sup>	Annual electricity generation (MWh) <sup>**</sup>
	National	Urban	Rural		
Cook Islands	99.0 <sup>**</sup>	-	-	15.0	31,750
Fiji	96.4	95.7	98.4	297.0	900,000
Kiribati	100.0	93.7	100.0	8.0	23,000
Marshall Islands	96.4	95.7	98.4	32.2	101,000
FSM	82.1	93.5	78.7	12.0	72,000
Nauru	99.5	99.5	100.0	6.5	31,700
Niue	99.0 <sup>**</sup>	-	-	2.2	3,300
Palau	100.0	100.0	100.0	29.4	89,300
PNG	59.0	82.1	55.5	580.0	217,250
Samoa	100.0	100.0	100.0	69.1	140,000
Solomon Islands	66.6	76.7	53.5	27.0	78,000
Tonga	98.9	98.9	98.9	16.5	55,400
Tuvalu	100.0	100.0	100.0	5.0	5,200
Vanuatu	61.9	93.7	51.1	35.6	66,300

Source: <sup>\*</sup> World Bank Open Data (2013-2018<sup>7</sup>); <sup>\*\*</sup> PACIFIC ENERGY COUNTRY PROFILES © New Zealand Ministry of Foreign Affairs & Trade 2016<sup>8</sup>

In the FSM, PNG, Solomon Islands, and Vanuatu, improved access to electricity services will continue to be required. In almost all countries, existing fossil fuel power generation is the dominant source of electricity supply, followed by power generation from renewable energy sources (e.g., small hydro, solar).

One of the characteristics of the Pacific Islands countries is the distance between the islands. This often leads to the need for small, independent power plants on each island. And the price of electricity tends to be high due to the high transportation cost of fuel and the efficiency of power generation. For this reason, many countries are actively developing power sources from renewable energy sources such as solar and wind power. Japan's grant aid and the Pacific Environment Community Fund (PEC Fund) have been promoting the development of renewable energy sources.

<sup>7</sup> <https://data.worldbank.org>

<sup>8</sup> <https://www.mfat.govt.nz/assets/Aid-Prog-docs/Renewable-Energy/Country-Energy-Profiles-FINAL-web-version.pdf>

## (2) Summary of the three countries in Micronesia

An overview of the FSM, the Marshall Islands, and Palau is shown below.

- According to PACIFIC ENERGY COUNTRY PROFILES, in the FSM, each state has its own power supply organization, and they have different supply structures and tariffs. Access ratios also vary from state to state. Two of the states, Kosrae (98%) and Pohnpei (87%), have relatively high rates, while Yap (67%) and Chuuk (26%) have low rates. Access may be low, especially on remote islands, and there is room for improvement.
- In the Marshall Islands, the challenge has been to improve access to electricity in atolls other than Majuro and Ibiye. They are in the process of improving these by introducing independent solar power. In addition, the existing power generation is diesel-powered, and diversification of power sources by introducing solar or wind power to reduce operating costs is underway as well.
- JICA has implemented study "The project for study on upgrading and maintenance improvement of the national power grid in the Republic of Palau" in 2019. According to the study, ninety six percent of Palau's residents reside in the islands of Babeldaob and Koror. The transmission and distribution networks have also been installed on these islands and the access problem has been solved. It is proposed to improve the transmission and substation facilities for future increasing demand and the number of solar power plants (roof and power station).

### 2.1.4. Water supply and sanitation

#### (1) Access to safe water

Table 2.13 shows the access ratio to safe water for each country/region. From this table, it appears numerically that the water access is well developed. However, many of the sources of water supply also rely on rainwater harvesting and surface groundwater in atolls and non-hilly islands, which makes them vulnerable to disasters such as droughts. Alternatively, the rise in sea level due to climate change has led to the mixing of salt water with the groundwater of water sources, which is often vulnerable to external factors. Most of the wastewater treatment, as shown in the next section, adapted precipitation process, which again poses a great risk of groundwater contamination for water source.

**Table 2.13: Access to safe water**

Country/Region	Piped Water Supply (1)			Non-piped Water Supply (2)			Improved water access = (1) + (2)			Year
	National	Urban	Rural	National	Urban	Rural	National	Urban	Rural	
America Samoa	98.4	-	-	0.7	-	-	99.1	-	-	2010
Cook Islands	76.9	-	-	23.1	-	-	100.0	-	-	2011
Fiji	86.0	97	74.5	7.3	1.4	16.4	93.3	98.4	90.9	2014
French Polynesia	100.0	-	-	-	-	-	100.0	-	-	2007
Kiribati	31.8	67.2	6.3	31.7	20.6	39.6	63.5	87.8	45.9	2012
Marshall Islands	13.8	14.2	11.5	86.3	85.9	88.5	100.0	100.0	100.0	2017
FSM	37.3	41.9	35.9	52.0	54.3	51.1	89.3	96.2	87.0	2010
Nauru	37.2	37.2	-	60.9	60.9	-	98.1	98.1	-	2013



Country/Region	Piped Water Supply (1)			Non-piped Water Supply (2)			Improved water access = (1) + (2)			Year
	National	Urban	Rural	National	Urban	Rural	National	Urban	Rural	
New Caledonia	96.9	-	-	1.5	-	-	98.4	-	-	2014
Niue	90.4	-	-	8.1	-	-	98.5	-	-	2011
Palau	-	100.0	97.0	-	0	0	-	100.0	97.0	2014
PNG	15.7	53.6	11.6	24.7	35.2	23.5	40.4	88.8	35.1	2017
Samoa	89.2	96.2	87.4	6.9	2.2	8.0	96.1	98.4	95.4	2014
Solomon Islands	48.1	73.8	43.5	34.8	21.8	37.0	82.9	95.6	80.5	2015
Tonga	99.2	98.8	99.4	0	0	0	99.2	98.8	99.4	2012
Tuvalu	98.8	99.3	98.5	0	0	0	98.8	99.3	98.5	2012
Vanuatu	50.5	83.1	39.5	41.0	16.5	49.3	91.5	99.6	88.8	2016
Wallis & Futuna	99.4	-	99.4	0.2	-	0.2	99.6	-	99.6	2013

Source: Joint Monitoring Program (JMP) for Water Supply and Sanitation より作成; <https://washdata.org/data/downloads#WLD>

## (2) Summary of the three countries in Micronesia

Marshall Islands: In Majuro and Kwajalein Atoll, water supply networks are in place. The main sources of water are rainwater harvesting, individual household rainwater harvesting systems and groundwater. Even outside of these two atolls, people relied on rainwater and groundwater as water sources. A PEC-funded project completed in 2018 has resulted in the installation of solar-powered attached desalination plants at 15 remote atolls<sup>9</sup>.

FSM: Access data by states were not published. According to the ADB's "Federated States of Micronesia: Preparing the Chuuk Water Supply and Sanitation Project: Project Readiness Financing Report", in Chuuk State, 9% of households are connected to the water supply network, 68% have their own rainwater collection system and 18% have a well or spring as their water source. Similar to electricity, water services are run by the public state utility company.

Palau: Water supply network is in place in Koror and Aylai states, which account for 80% of the population, and extensive rehabilitation had been carried out by 2018 through Japanese grant project<sup>10</sup>. On other islands, citizens rely on groundwater as a source of water<sup>11</sup>.

## (3) Access to sanitation service (wastewater treatment)

Table 2.14 shows access to sanitation services (wastewater treatment) in each country and region. There are some countries for which details are unknown. Only a few countries, such as the Marshall Islands, have a certain level of wastewater treatment. Even in countries with improved access, the majority of countries have a high proportion of sedimentation septic tanks or independent toilets. As we described in the previous section, groundwater contamination and environmental pollution is a concern on islands and atolls that depend on groundwater for water sources.

<sup>9</sup> [https://www.forumsec.org/wp-content/uploads/2019/03/PEC-2018-Report\\_compressed.pdf](https://www.forumsec.org/wp-content/uploads/2019/03/PEC-2018-Report_compressed.pdf)

<sup>10</sup> <https://www.jica.go.jp/oda/project/1560290/index.html>

<sup>11</sup> <https://www.pacificwater.org/pages.cfm/country-information/republic-of-palau.html>

**Table 2.14: Access to sanitation service (wastewater treatment)**

Country/ economy	Sewer			Septic Tank			Others			Improved access			Year
	National	Urban	Rural	National	Urban	Rural	National	Urban	Rural	National	Urban	Rural	
America Samoa	-	-	-	-	-	-	-	-	-	99.3	0	0	2015
Cook Islands	-	-	-	-	-	-	-	-	-	97.3	0	0	2011
Fiji		-	-		-	-	-	-	-	92.8	98.7	93.6	2015
French Polynesia	17.3	-	-	80.1	-	-	-	-	-	97.4	0	0	2012
Kiribati	12	26.5	1.5	36.8	38.9	35.3	0	4	4	48.8	69.4	40.8	2010
Marshall Islands	42.7	50	3	47.1	45.3	56.7	1.5	0.9	4.9	91.3	96.1	64.6	2017
FSM	(12.3)*	-	-	(31.7)*	-	-	-	-	-	68.7	87.7	62.9	2010
Nauru	2.3	2.3		66.5	66.5		9.8	9.8	-	78.6	78.6	0	2013
New Caledonia	-	-	-	-	-	-	-	-	-	100	0	0	2014
Niue	(7)**	-	-	(78)**	-	-	(15)**	-	-	97.7	0	0	2011
Palau	-	68	12	-	32	88	-	-	-	-	100	100	2014
PNG	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Samoa	-	-	-		90.3	86.3		5.3	9.2	0	95.6	95.5	2014
Solomon Islands	5.1	23	2	12	43.2	6.4	13.8	27.9	11.4	30.9	94.1	19.8	2015
Tonga	0	0	0	80.7	90.8	77.6	12.9	6.2	15.1	93.6	97	92.7	2012
Tuvalu	-	-	-	75	86.3	73.6	15.2	6	16.2	15.2	92.3	89.8	2012
Vanuatu	11.8	15.1	10.7	0	0	0	44.4	76.9	52.0	56.2	92	62.7	2016
Wallis & Futuna	0	-	-	-	-	-	-	-	-	98.1	0	0	2013

Source: Prepared by the survey team from e Joint Monitoring Program (JMP) for Water Supply and Sanitation (<https://washdata.org/data/downloads#WLD>)

## 2.2. Accommodation

Table 2.15 and Table 2.16 show statistics on accommodation in SPTO's Tourist Arrivals Report 2019 edition and UNWTO's "Compendium of Tourism Statistics, 2020 Edition", respectively. Column 6 of Table 2.15 shows the number of accommodation rooms per tourism employment. And column 7 shows the results of the assessment of international class accommodations (e.g., international chain hotels and luxury resorts catering to foreigners) that the JICA study team has identified based on accommodation information in the PIC tourism guidebook and on the SPTO website.

**Table 2.15: Accommodation in pacific Islands (SPTO)**

Region	Country/ economy	Year	Number of accommodations	Number of rooms	Rooms per employment	Availability of international- class accommodations
Micronesia	FSM	2015	29	NA	NA	C
	Kiribati	2019	52	525	1.2	C
	Marshall Islands	2016	12	281	0.5	B
	Nauru	2015	8	NA	NA	C
	Palau	2018	118	2,409	0.9	B
Melanesia	Fiji	2019	423	12,888	0.9	A
	New Caledonia	2019	191	3,360	0.6	A
	PNG	2019	501	6,195	0.2	A
	Solomon Islands	2019	181	1,991	1.8	B
	Vanuatu	2018	867	1,722	0.1	B
Polynesia	America Samoa	2017	20	263	0.2	B
	Cook Islands	2019	805	3,300	1.4	A
	French Polynesia	2020	382	4,281	0.4	A
	Niue	2019	39	197	0.7	B
	Samoa	2019	150	2,747	1.0	B
	Tonga	2020	156	1,300	0.4	B
	Tuvalu	2016	10	NA	NA	C

Region	Country/ economy	Year	Number of accommodations	Number of rooms	Rooms per employment	Availability of international- class accommodations
	Wallis & Futuna	NA				
Others	Timor Leste	2015	64	NA	NA	C

Note: A many international-class hotels; B some international-class hotels; C limited/no international-class hotels  
Source: Tourist Arrivals Report 2019, SPTO

Table 2.15 shows that there are a large number of accommodations and rooms in some countries/ economies of Melanesia and Polynesia (Cook Islands and French Polynesia). There are also many international class accommodations. Micronesia has a limited number of accommodations and rooms, except in Palau.

Table 2.16 shows that UNWTO statistics are limited in terms of the number of countries and data years than the SPTO. In addition, data on the number of accommodations and rooms in New Caledonia, Cook Islands, and Timor-Leste are discrepant from SPTO data, thus both needs to be verified.

**Table 2.16: Accommodation in pacific Islands(UNWTO)**

Country/ economy	Year	No of establishments	No of rooms
FSM	NA		
Kiribati	2018	31	322
Marshall Islands	2016	12	281
Nauru	NA		
Palau	2018	NA	2,372
Fiji	2018	4,264	10,012
New Caledonia	2015	21	1,594
PNG	2015	509	6,195
Solomon Islands	2016	141	1,556
Vanuatu	NA		
America Samoa	2017	26	279
Cook Islands	2017	330	1,990
French Polynesia	2018	328	4,028
Niue	2017	37	188
Samoa	NA		
Tonga	NA		
Tuvalu	NA		
Wallis & Futuna	NA		
Timor Leste	2017	18	595

Note: Orange cells indicate significant differences from the SPTO statistical values.  
Source: Compendium of Tourism Statistics, 2020 Edition, UNWTO

## 2.3. Organization on tourism

### 2.3.1. South Pacific Tourism Organization

The Pacific Tourism Organization (SPTO)<sup>12</sup> is an international organization established in 1983 and headquartered in Suva, Fiji. As of November 2020, it has 21 governments and 200 private organizations and individuals as members (refer to Table 2.17). The organization has a mission, goals, and vision, as shown in Table 2.18.

<sup>12</sup> It used to be called the South Pacific Tourism Organization but was renamed the Pacific Tourism Organization in 2019. The abbreviation and the logo are still SPTO.

**Table 2.17: Member of SPTO**

Classification	Members
Government members	American Samoa, Cook Islands, FSM, Fiji, French Polynesia, Kiribati, Nauru, Marshal Islands, New Caledonia, PNG Samoa, Solomon Islands, Timor Leste, Tokelau, Tonga, Tuvalu, Vanuatu, Wallis & Futuna, Rapa Nui and the People's Republic of China
Private sector members	Organizations and individuals such as accommodations, travel agencies, and airlines

Source: SPTO website (<https://corporate.southpacificislands.travel/spto-members/>)

**Table 2.18: SPTO's mission, goal and vision**

<b>SPTO Mission</b>	Sustainable tourism development through innovative partnerships
<b>SPTO's Goal</b>	<ul style="list-style-type: none"> <li>- To improve air and sea access to Islands</li> <li>- To Enhance brand "Pacific"</li> <li>- To develop capacity of Government and private sector for sustainable tourism</li> </ul>
<b>The Vision for Tourism</b>	Our Pacific Islands' empowered and benefitting from sustainable tourism

Source: SPTO website (<https://corporate.southpacificislands.travel/about/>)

SPTO's organization consists of three levels: Council of Ministers of Tourism, Board of Directors, and management. The Council of Ministers of Tourism is composed of the ministers or their authorized representatives from SPTO member countries and meets annually. The main responsibility of the Council is to monitor and review SPTO's policies, strategies, work plan activities, and budget, and to make comments, recommendations, and guidance on these matters. It is also tasked with trying to secure donor funding for SPTO's activities.

The Board of Directors is composed of one representative from each of the 16 governments<sup>13</sup> and three representatives from the private sector, and the Board organizes meetings at least twice a year. The main responsibilities of the Board are (1) approving and monitoring SPTO's annual budget; (2) approving and monitoring operational policies and strategies; (3) overseeing the implementation of SPTO's work program; (4) reviewing and monitoring the SPTO's operating rules, procedures, and regulations for finance and operations; and (5) providing advice on matters needed by management.

The Chief Executive Officer (CEO), appointed by the Board of Directors, performs the day-to-day management functions of SPTO and is supported by professional staff, administrative staff, and technical advisors.

SPTO's management organization consists of four departments: Marketing, Research Planning, Sustainable Tourism Development, and Finance & Corporate Services. According to an interview conducted on July 22, 2020, SPTO's management organization has 15 staff members, two of which are statistical experts. The experts have been working on the Annual Tourist Arrivals Report, which has been published every year since 2015. In the interview, SPTO inquired about the possibility of receiving cooperation from JICA for capacity building. This issue will be examined in the course of this survey with further analysis of SPTO's activities and challenges.

<sup>13</sup> Stay in the original sentence. Need to be confirmed through an interview.

### 2.3.2. Tourism-related organizations in PICs

Table 2.19 shows government agencies of 14 Pacific Island Countries in the tourism sector, divided into two categories: (1) tourism policy and development planning agencies and (2) tourism marketing and promotion agencies. The overall trend is that tourism policy and development planning is conducted at the ministry level, while tourism marketing and promotion is carried out by the tourism authorities. In addition, many tourism marketing and promotion agencies in Polynesian and Melanesian countries have developed websites with the “travel” domain with support from Australia and New Zealand.

In FSM, both the federal government and state governments have agencies for tourism policy and tourism development planning and agencies for tourism marketing and promotion.

**Table 2.19: Tourism-related organizations in 14 PICs**

Country/ economy	Tourism policy/ tourism development plan	Tourism marketing/ promotion
FSM	National government: Department of Resource & Development State of Yap: to be clarified  State of Chuuk: to be clarified State of Pohnpei: Department of Resources and Development <a href="https://pohnpeistate.gov.fm/resources-and-development/">https://pohnpeistate.gov.fm/resources-and-development/</a> State of Kosrae: Dept of Resources & Economic Affairs	National government: FSM Visitors Board <a href="http://www.visit-micronesia.fm/index.html">http://www.visit-micronesia.fm/index.html</a> State of Yap: YAP Visitors Bureau <a href="https://www.visit Yap.com">https://www.visit Yap.com</a> State of Chuuk: CHUUK Visitors Bureau <a href="https://www.visit-chuuk.com">https://www.visit-chuuk.com</a> State of Pohnpei: POHNPEI Visitors Bureau <a href="http://www.visit-micronesia.fm/state/p_top.html">http://www.visit-micronesia.fm/state/p_top.html</a> State of Kosrae: KOSRAE Visitors Bureau <a href="https://www.visitkosrae.com/index.php/en/">https://www.visitkosrae.com/index.php/en/</a>
Kiribati	Ministry of Communications, Transport & Tourism Development <a href="https://www.micctd.gov.ki">https://www.micctd.gov.ki</a>	Kiribati National Tourism Office <a href="https://www.kiribatitourism.gov.ki">https://www.kiribatitourism.gov.ki</a>
Marshall Islands	Office of Commerce, Investment and Tourism <a href="https://www.rmioct.org">https://www.rmioct.org</a>	Office of Commerce, Investment and Tourism (former Marshall Islands Visitors Authority) <a href="https://www.rmioct.org">https://www.rmioct.org</a>
Nauru	Nauru Tourism Corporation <a href="http://ronlaw.gov.nr/nauru_lpms/index.php/act/view/1291">http://ronlaw.gov.nr/nauru_lpms/index.php/act/view/1291</a>	Nauru Tourism Corporation <a href="http://www.naurugov.nr/about-nauru/visiting-nauru.aspx">http://www.naurugov.nr/about-nauru/visiting-nauru.aspx</a>
Palau	Bureau of Tourism, Ministry of Human Resources, Culture, Tourism & Development <sup>14</sup> <a href="https://www.palau.gov.pw/executive-branch/ministries/hrctd/bureau-of-tourism/">https://www.palau.gov.pw/executive-branch/ministries/hrctd/bureau-of-tourism/</a>	Palau Visitors Authority <a href="https://www.pristineparadisepalau.com">https://www.pristineparadisepalau.com</a>
Fiji	Ministry of Commerce, Trade, Tourism & Transport <a href="https://www.mctt.gov.fj">https://www.mctt.gov.fj</a>	Tourism Fiji <a href="https://www.fiji.travel">https://www.fiji.travel</a>
PNG	Tourism Promotion Authority <a href="https://www.papuanewguinea.travel">https://www.papuanewguinea.travel</a>	Tourism Promotion Authority <a href="https://www.papuanewguinea.travel">https://www.papuanewguinea.travel</a>
Solomon Islands	Ministry of Culture and Tourism <a href="https://solomons.gov.sb/ministry-of-culture-and-tourism/">https://solomons.gov.sb/ministry-of-culture-and-tourism/</a>	Tourism Solomons <a href="https://www.visitsolomons.com.sb/">https://www.visitsolomons.com.sb/</a>
Vanuatu	Ministry of Tourism, Trade, Commerce and Ni-Vanuatu Business <a href="https://www.facebook.com/mttcnvb/">https://www.facebook.com/mttcnvb/</a>	Vanuatu Tourism Office <a href="https://www.vanuatu.travel/">https://www.vanuatu.travel/</a>
Cook Islands	Ministry of Tourism <a href="http://www.ck/govt2.htm">http://www.ck/govt2.htm</a>	Cook Islands Tourism Corporation <a href="https://cookislands.travel/home">https://cookislands.travel/home</a>
Niue	Niue Tourism Office <a href="https://www.niueisland.com/">https://www.niueisland.com/</a>	Niue Tourism Office <a href="https://www.niueisland.com/">https://www.niueisland.com/</a>
Samoa	Ministry of Tourism <a href="https://www.samoagovt.ws/minister-mop/">https://www.samoagovt.ws/minister-mop/</a>	Samoa Tourism Authority <a href="http://samoatourism.org">http://samoatourism.org</a>
Tonga	Ministry of Tourism <a href="http://tourismtonga.gov.to">http://tourismtonga.gov.to</a>	Tonga Tourism Authority <a href="http://www.tongaholiday.com">http://www.tongaholiday.com</a>
Tuvalu	Ministry of Foreign Affairs, Trade, Tourism, Environment and Labour <a href="https://www.timelesstuvalu.com">https://www.timelesstuvalu.com</a>	Ministry of Foreign Affairs, Trade, Tourism, Environment and Labour <a href="https://www.timelesstuvalu.com">https://www.timelesstuvalu.com</a>

Source: Compiled by the survey team from website of each organization

<sup>14</sup> Due to the reorganization of Palau's ministries in June 2021, the Bureau of Tourism was reclassified from being under the Ministry of Natural Resources, Environment & Tourism to being under the Ministry of Human Resources, Culture, Tourism & Development.

## 2.4. Supports by development partners

Asian Development Bank (ADB) and New Zealand government have been active in supporting the tourism sector in PICs. Other organizations such as the UNWTO, the World Bank, the Organisation for Economic Co-operation and Development (OECD), and the European Union (EU) also provide support and research analysis to the PICs and SPTO. The following sections outline overview of the supports and analyses.

### 2.4.1. UNWTO

Out of the 14 PICs, five are members of the UNWTO: Fiji, Palau, PNG, Samoa, and Vanuatu.

UNWTO provides support and research for tourism development in Small Island Development States (SIDS)<sup>15</sup> which is defined by the United Nations (UN). This support from the UNWTO is due to the importance of tourism in these island countries, where it plays an important role in national economies and where environmentally balanced development is more important for sustainable development than in other countries. For example, “Challenges and Opportunities for Tourism Development in Small Island Developing States” published in 2012 analyzes the challenges common to all SIDS in terms of tourism development, accessibility, climate change and marketing, and describes the role of UNWTO in supporting SIDS.

UNWTO Regional Support Office for Asia and the Pacific (RSOAP) and Asia-Pacific Tourism Exchange Center (APTEC) conducted the research project “Sustainable Tourism Product Development in the Pacific Islands”. This study analyzes the current situation of product development, government policies, public-private partnerships, small and medium enterprise development, and strengthening local communities and relationships in 11 PICs (column 1 of Table 2.20) and makes recommendations for improvement, as well as introducing best practice cases from the experiences of 11 countries (column 2 of Table 2.20).

The result of this research project was disseminated in the seminar with hybrid manner titled "UNWTO Workshop on Sustainable Tourism Product Development in the Pacific Islands" on 31 March 2021<sup>16</sup>.

**Table 2.20: Target countries/ economies of “Sustainable Tourism Product Development in the Pacific Islands”**

Targets in PICs	Targets of best practice cases
FMS	Fiji
French Polynesia	Papua New Guinea
Kiribati	Niue
Niue	Cook Islands

<sup>15</sup> Fourteen Pacific countries and East Timor are included in SIDS. There are two kinds of definitions on the SIDS: defined by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS) and by the Department of Economic and Social Affairs (DESA).

<sup>16</sup> <https://www.unwto.org/event/unwto-workshop-on-sustainable-tourism-development-product-in-the-pacific-islands>

Targets in PICs	Targets of best practice cases
Papua New Guinea	Vanuatu
Samoa	Japan
Solomon Islands	New Zealand
Timor Leste	Malaysia
Tuvalu	FSM
Vanuatu	Palau
Fiji	Singapore

Source: UNWTO RSOAP

### 2.4.2. World Bank

The World Bank has targeted PNG and nine other PICs<sup>17</sup> for assistance, and established a regional office in Fiji for supporting six South Pacific countries (Fiji, Nauru, Kiribati, Samoa, and Tonga) in 2019<sup>18</sup>.

The World Bank’s focus areas in the PICs are rural development, agriculture, fisheries, health, transportation, ICT, and energy sectors, and tourism sector is out of focus. However, the study “Pacific Possible,” which has been conducted since 2017, deals with tourism along with climate change and disaster recovery, health, finance for development, labor migration, and fisheries<sup>19</sup>. A background paper “Tourism: Pacific Possible Background Paper No. 4” published in 2016 analyzed the current situation of the tourism sector in 11 PICs and made the following recommendations.

- Responding to the growth of the Chinese market,
- Responding to the growth of the cruise market in the Pacific region,
- Attracting investment in high-end Resorts, and
- Attracting elderly markets.

### 2.4.3. Asian Development Bank

Asian Development Bank (ADB) provides assistance to various sectors in 14 PICs as well as JICA. It is expanding the support from \$500 million in 2004 to \$2.6 billion in 2017. This expansion is due to an increase in infrastructure development, including transportation, energy, water and sewage, and ICT<sup>20</sup>.

ADB has not provided support for the tourism sector in the PICs to date. In “Tourism as a Driver of Growth in the Pacific,” published in August 2018, however, ADB analyzed the current and future development potential of the tourism sector, mainly in six countries: Cook Islands, Fiji, PNG, Samoa, Solomon Islands, and Vanuatu, and proposed to strengthen the following efforts in each country:

- Improving the capacity of public sector in tourism development planning, strengthening coordination with the private sector and formulating and applying tourism development

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<sup>17</sup> Fiji, Kiribati, Marshall Island, FSM, Nauru, Palau, Samoa, Tonga, Tuvalu and Vanuatu.

<sup>18</sup> <https://www.worldbank.org/en/news/press-release/2019/03/18/world-bank-group-pacific-hub-opens-in-suva>

<sup>19</sup> <https://www.worldbank.org/en/country/pacificislands/overview>

<sup>20</sup> <https://www.adb.org/publications/our-work-pacific>

strategies,

- Development and operation of infrastructure related to tourism development,
- Diversification of tourist destinations (avoiding concentration in one tourist site),
- Improved access to the waterfront,
- Strengthening the capacity of the local human resource for tourism,
- Promotion of small business, and
- Developing and marketing the “Pacific Brand” with collaboration among PICs.

In cooperation with the Governments of Australia and New Zealand ADB has been implementing the Pacific Private Sector Development Initiative (PSDI) for 14 PICs since 2007<sup>21</sup>. The purpose of PSDI is to improve the business environment for the private sector (reforming the legal system, improving access to finance, improving the competitive environment and consumer protection, reforming state enterprises, and improving women's participation in economic activities).

PSDI has not supported the tourism sector until now, but it is going to use a part of the new funds added in December 2019 for the tourism sector and is conducting a survey to develop a policy for this purpose. The study covers 14 PICs, with plans to conduct field studies in 5 to 6 countries/economies of them (assuming the Polynesian and Melanesian regions). Due to the spread of COVID-19, however, the survey period, which originally ended in September 2020, will be extended and a final report will be prepared by the end of December 2020<sup>22</sup>.

#### **2.4.4. OECD**

In a remote meeting with SPTO on July 22, 2020, the survey team was informed by SPTO that it was assessing the statistics of its member countries and compiling a report under the support of the OECD’s “Partnership in Statistics for Development in the 21st Century (PARIS21)”. In sections 2.1, 2.2, and 2.2, the survey team compares SPTO statistics with UNWTO statistics and finds differences between them, especially in the estimation of data on the tourism economy. The survey team would like to obtain the above report from SPTO and confirm its contents.

#### **2.4.5. New Zealand government**

The Ministry of Foreign Affairs and Trade (MFAT) of New Zealand is implementing the “Pacific Tourism Data Initiative (PTDI)” to collect and maintain information related to tourism in Niue, Samoa, Solomon Islands and Vanuatu. PTDI conducts the International Visitor Survey (IVS) and produces the

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<sup>21</sup> <http://www.adbpsdi.org/>

<sup>22</sup> Information as of the end of September 2020. The information was collected from consultants conducting the study.



Business Confidence Index in the four countries. It also conducts a Community Attitudes Survey in Niue<sup>23</sup>.

MFAT intends to refine and expand this initiative and will conduct IVS in Tonga, Kiribati and Timor-Leste from January 2021. In addition, the contractor for the initiative, the New Zealand Tourism Research Institute at the Auckland University of Technology, will also conduct its own IVS in PNG, Cook Islands, and State of Yap of FMS from January 2021. It means that MFAT will collect and develop basic data on tourism in 10 countries from 2021<sup>24</sup>.

MFAT is also cooperating with the Pacific Community (SPC) to develop the Pacific Data Hub, and aims to collect and publish tourism data through the SPC as well as the SPTO in the future<sup>25</sup>.

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<sup>23</sup> Collected information is published in this website. <https://www.nztri.org.nz/ptdi-reporting>

<sup>24</sup> As of June 2020.

<sup>25</sup> This section is based on an email interview with MFAT through JICA Southeast Asia and Pacific Department.

### 3. Marine tourism and island tourism

#### 3.1. Marine tourism in the world

In June 2019, the European non-profit organization, eco-union has published a report titled “Blue Tourism: The Transition Towards Sustainable Coastal and Maritime Tourism in World Marine Regions” with the financial support of the French government Agency for ecological transition (ADEME). The report analyzes the state of tourism development and natural resources in six regions of the world: the Mediterranean Sea, the Caribbean Sea, the Western Indian Ocean, the Northeast Atlantic, the South Pacific, and the Antarctic Ocean (refer to Figure 3.1). This section provides an overview of tourism activities for the Mediterranean Sea, the Caribbean Sea, the West Indian Ocean, the Northeast Atlantic Ocean, and the South Pacific.



Source: Blue Tourism: The Transition Towards Sustainable Coastal and Maritime Tourism in World Marine Regions

**Figure 3.1: Major marine tourism regions in the world**

##### 3.1.1. Mediterranean Sea

The Mediterranean Sea is Europe’s largest semi-enclosed sea area, covering an area of about 2.6 million km<sup>2</sup> or 0.8% of the world's sea level. It forms the coastline of 22 countries (more than 46,000 km) that share environmental, climatic, historical and cultural links. The Mediterranean region is home to around 480 million people, spanning three continents, with about a third of the population living in coastal areas.

The Mediterranean Sea is home to 7% to 9% of the world’s marine biodiversity, of which 20-30% is endemic, too. However, 51% of the Mediterranean's native marine fish species and subspecies are endangered, and 22 species (4%) are listed as threatened.

Tourism is a major economic sector in the Mediterranean region, with the number of domestic and international visitors reaching 360 million in 2017. In the same year, tourism's direct contribution to GDP was 6.2% and 15.4% of GDP including related industries, while direct employment in tourism accounted for 5.9% of total employment and 14.8% of all employment when including related employment. The number of visitors has increased by more than 75% since 1995, and the tourism industry is expanding its scale.

However, there are regional disparities in the growth of visitor numbers and the development of the tourism economy in the Mediterranean. The northwestern part of the Mediterranean (e.g. France, Spain, Italy, etc.) concentrates 64% of the number of visitors, compared to 17% in the southeast, 14% in the northeast, and 5% in the southwest. Furthermore, the contribution of tourism to GDP in the Mediterranean region in 2015 was estimated at \$901 billion, while only \$58 billion benefited the North African countries. In some countries in the southern Mediterranean region such as Egypt and Turkey, coastal tourism has grown substantially over the past decade, and governments are encouraging the development of coastal tourism by the private sector. However, these regions are also experiencing social instability and economic slowdown, which has negatively impacted tourism development.

**Table 3.1: Characters of marine tourism in the Mediterranean Sea**

<b>States</b>	Albania, Algeria, Bosnia and Herzegovina, Croatia, <b><u>Cyprus</u></b> , Egypt, France, Greece, Israel, Italy, Lebanon, Libya, <b><u>Malta</u></b> , Monaco, Montenegro, Morocco, Slovenia, Spain, Syria, Tunisia, Turkey, Palestine.
<b>Population</b>	505 million
<b>Coastal population</b>	170 - 200 million (40% of total population)
<b>Geographical sea extension</b>	2.6 million km <sup>2</sup> (0.82% world's ocean surface)
<b>Coastline</b>	46,000 kilometers
<b>Marine fauna</b>	900 species (IUCN)
<b>International tourist arrivals</b>	359,636,000 (2017, UNWTO)
<b>Average direct GDP contributions</b>	6.2% (2017, WTTC)
<b>Average total GDP contributions</b>	15.4% (2017, WTTC)
<b>Average direct employment contribution</b>	5.9% (2017 WTTC)
<b>Average total employment contribution</b>	14.8% (2017, WTTC)

Note: Characters of countries with bold and underline indicates island states.

Source: Blue Tourism: The Transition Towards Sustainable Coastal and Maritime Tourism in World Marine Regions, 2019, ecounion

### 3.1.2. Caribbean Sea

Although the Caribbean covers less than 1% of the world's oceans, it directly supports 37 countries and economies through tourism and fishing. The region also has the second strongest international framework for conservation of the natural environment after Europe. The region has a population of 44 million, of which 41 million live within 10 km of the coast.

The Caribbean Sea is home to 7% of the world's coral reefs and 13% of the world's mangroves, but significant ecosystem degradation has been observed and coral and mangrove habitat has declined

significantly over the past 30 years. Seventy-five percent of Caribbean coral reefs are considered to be at risk of human impact, and more than a third of them are located within 2 km of human habitation.

Tourism is an important contributor to the Caribbean economy, with 70.3 million visitors to the region in 2016. In 2017, tourism including indirect contributions accounted for 20 percent of GDP and 19.5 percent of employment including indirect effects. The region’s main tourism product is sandy beach vacations and cruising. In 2017, 27 million passengers enjoyed cruises in the Caribbean. The Caribbean island nations are particularly dependent on cruise tourism, with cruise passengers accounting for more than half of the number of visitors.

Although Caribbean economies are heavily dependent on tourism, a significant percentage of tourism assets are owned by foreigners, and much of the profits from tourism go abroad. This is especially true for “all-inclusive” vacation products, which account for a large percentage of tourism products.

On the other hand, Caribbean economies have longstanding problems of poverty, inequality and unemployment that hinder their economic and social development. In addition, factors such as public debt, dependence on natural resources, and vulnerability to climate change also contribute to socioeconomic vulnerability.

**Table 3.2: Characters of marine tourism in Caribbean Sea**

<b>States</b>	<b><u>Antigua and Barbuda</u>, <u>Bahamas</u>, <u>Barbados</u>, Belize, Colombia, Costa Rica, <u>Cuba</u>, <u>Dominica</u>, <u>the Dominican Republic</u>, France (Guiana), <u>Grenada</u>, Guatemala, Guyana, <u>Haiti</u>, <u>Jamaica</u>, Mexico, the Netherlands (Curacao, <u>St. Maarten</u>), Nicaragua, Panama, <u>Puerto Rico</u>, <u>St. Kitts and Nevis</u>, <u>Saint Lucia</u>, <u>St. Vincent and the Grenadines</u>, Suriname, <u>Trinidad and Tobago</u>, United Kingdom (<u>British Virgin Islands</u>, <u>Cayman Islands</u>), United States (<u>US Virgin Islands</u>), Venezuela</b>
<b>Population</b>	746 million
<b>Coastal population</b>	41 million (living on within 10 km coasts)
<b>Geographical sea extension</b>	2,754,000 km <sup>2</sup>
<b>Coastline</b>	NA
<b>Marine fauna</b>	NA
<b>International tourist arrivals</b>	70,375,300
<b>Average direct GDP contributions</b>	7%
<b>Average total GDP contributions</b>	20%
<b>Average direct employment contribution</b>	7%
<b>Average total employment contribution</b>	19.5%

Note: Characters of countries with bold and underline indicates island states.

Source: Blue Tourism: The Transition Towards Sustainable Coastal and Maritime Tourism in World Marine Regions, 2019, eco-union

### 3.1.3. Western Indian Ocean

The West Indian Ocean has more than 15,000 km of coastline and covers an area of 30 million km<sup>2</sup> (8.1% of the world’s ocean area). The total population of the region exceeded 230 million in 2017, with 60 million of them living in the coastal areas. The region has a high coastal population density and

significant population growth, and the total population is projected to double by 2050.

The marine ecosystems of the West Indian Ocean are assessed to be in fairly good condition. However, marine resources are rapidly being exposed to anthropogenic pressures and it is clear that fish stocks are being degraded. In addition, the extent of marine life habitats such as mangroves, salt marshes, seagrass beds, and coral reefs have declined significantly over the past 40 years.

The West Indian Ocean is a little-known region in the tourism market, with only about 3.9 million visitors in 2012 (0.4 percent of global visitors in the same year). However, with a projected growth rate of 3.3 percent by 2030, the region is expected to continue to develop. The region offers a variety of tourism products, including traditional leisure destinations (Mauritius and Seychelles), whale and dolphin watching (Zanzibar and Mozambique), diving (Kenya), and nature-based tourism (in many places). Some countries have also emerged as cruise destinations, with 200,000 visitors visiting Seychelles by cruise ship in 2010.

Tourism development in the West Indian Ocean is exposed to risks associated with regional vulnerability (high levels of poverty, dependence on natural resources, political instability, high population growth, and problems of maritime security like piracy). Tourism development also faces challenges such as the concentration of profits in the hands of foreign companies (diverting profits from the country) and barriers to entry of SMEs into the value chain.

**Table 3.3: Characters of marine tourism in the Western Indian Ocean**

<b>States</b>	<b>Comoros</b> , France ( <b>Reunion</b> , <b>Mayotte</b> ), Kenya, Madagascar, <b>Mauritius</b> , Mozambique, <b>Seychelles</b> , Somalia, Tanzania and the Republic of South Africa
<b>Population</b>	231 million
<b>Coastal population</b>	60 million (living on within 10 km of the coast)
<b>Geographical sea extension</b>	30 million km <sup>2</sup>
<b>Coastline</b>	More than 15,000 km
<b>Marine fauna</b>	NA
<b>International tourist arrivals</b>	16,081,800
<b>Average direct GDP contributions</b>	7.8%
<b>Average total GDP contributions</b>	20.4%
<b>Average direct employment contribution</b>	7.6%
<b>Average total employment contribution</b>	19.6%

Note: Characters of countries with bold and underline indicates island states.

Source: Blue Tourism: The Transition Towards Sustainable Coastal and Maritime Tourism in World Marine Regions, 2019, eco-union

### 3.1.4. North East Atlantic Ocean

The North East Atlantic Ocean region stretches across the five north-south waters of Western Europe, the Arctic Ocean, the North Sea, the Celtic Sea, the Bay of Biscay, the Iberian coast, and the Atlantic Ocean, covering 20,585 km of coastline in various countries. The Atlantic Ocean is a region rich in biodiversity, due to its seasonality and deep waters. The population of the region is 342 million, with a

coastal population of 148 million, or 43% of the population<sup>1</sup>.

North East Atlantic Ocean is home to mature tourist destinations such as France, Spain, and Portugal, and there has been a significant increase in visitors since the 2000s. Visitors to Iceland, the Nordic countries (e.g., Sweden, Norway, Finland, and Denmark), and the Arctic region are also increasing. Tourism products are diverse: France, Spain, and Portugal have a world of oceans and beaches, while Iceland and Scandinavia offer cruise tourism and whale and dolphin watching tours.

**Table 3.4: Characters of marine tourism in the North East Atlantic Ocean**

<b>States</b>	Belgium, Denmark, Finland, France, Germany, <b>Iceland</b> , <b>Ireland</b> , the Netherlands, Norway, Portugal, Spain, Sweden, the United Kingdom, Luxembourg.
<b>Population</b>	342 million
<b>Coastal population</b>	148 million (2009 Eurostat)
<b>Geographical sea extension</b>	13.5 million km <sup>2</sup>
<b>Coastline</b>	20,585 km
<b>Marine fauna</b>	Diversified species (more than one hundred fish species)
<b>International tourist arrivals</b>	303,044,000 (2016 WB)
<b>Average direct GDP contributions</b>	3.5% (2017 WTTC)
<b>Average total GDP contributions</b>	10.9% (2017 WTTC)
<b>Average direct employment contribution</b>	4.5% (2017 WTTC)
<b>Average total employment contribution</b>	12.5% (2017 WTTC)

Note: Characters of countries with bold and underline indicates island states.

Source: Blue Tourism: The Transition Towards Sustainable Coastal and Maritime Tourism in World Marine Regions, 2019, ecounion

### 3.1.5. South Pacific Ocean

There are 8 million people living in the countries of the South Pacific. The South Pacific Ocean region is highly diverse in terms of population and GDP per capita. This fragmentation of the region, coupled with developmental constraints (small size and isolation), is a constraint on infrastructure supply and business activities. Fragile socio-economies, as well as vulnerability to sea level rise and natural disasters, are likely to be affected by climate change. These factors contribute to the economic and political dependence of countries in the region on development partners such as Australia and New Zealand.

The South Pacific Ocean contains the largest percentage of the world's coral reefs (40 percent), and the fish and other species that live there support the region's protein supply and the local communities' economy.

Tourism is an important economic sector for the South Pacific Ocean region. There were nearly 13 million visitors in 2016, according to World Bank data, and the WTTC estimates that tourism and related

<sup>1</sup> Eurostat data in 2009.

industries will account for more than 20 percent of GDP and nearly 20 percent of employment in Pacific Island economies in 2017. Overall, the tourism industry is growing due to the increasing number of visitors from neighboring East Asia. Tourism relies heavily on the quality of the environment, as the tourism product is primarily focused on leisure, nature and water activities in guesthouses and luxury resorts.

**Table 3.5: Characters of marine tourism in the South Pacific Ocean**

<b>States</b>	<b><u>American Samoa</u>, Australia, <u>Cook Islands</u>, <u>Federated States of Micronesia</u>, <u>Fiji</u>, <u>French Polynesia</u>, <u>Kiribati</u>, <u>Marshall Islands</u>, <u>Nauru</u>, <u>New Caledonia</u>, New Zealand, <u>Niue</u>, <u>Palau</u>, <u>Papua New Guinea</u>, <u>Samoa</u>, <u>Solomon Islands</u>, <u>Tonga</u>, <u>Tuvalu</u>, <u>Vanuatu</u></b>
<b>Population</b>	8 million
<b>Coastal population</b>	NA
<b>Geographical sea extension</b>	NA
<b>Coastline</b>	NA
<b>Marine fauna</b>	40% of global coral reefs
<b>International tourist arrivals</b>	12,892,400
<b>Average direct GDP contributions</b>	7.8%
<b>Average total GDP contributions</b>	29.8%
<b>Average direct employment contribution</b>	7.3%
<b>Average total employment contribution</b>	19.7%

Note: Characters of countries with bold and underline indicates island states.

Source: Blue Tourism: The Transition Towards Sustainable Coastal and Maritime Tourism in World Marine Regions, 2019, eco-union

### 3.1.6. Antarctic Ocean

The Antarctic Ocean is located at the southern tip of the Southern Hemisphere and covers an area of about 22 million km<sup>2</sup> with 17,968 km of coastline. The Antarctic coast is a habitat for biodiversity of plants and animals due to its temperate climate, but it is a very fragile environment due to hitherto low levels of human activity and unique marine and terrestrial ecosystems.

The elements that attract visitors to Antarctica are its extreme climatic conditions and wild environment. The tourist season is the summer in Antarctica (November to March) and the number of visitors in the 2017-18 season reached 51,707. Tourism activity in the Antarctic Ocean region is concentrated in six regions, which tend to have a high concentration of visitors in terms of both space and time. In recent decades, Antarctica has transformed from a niche tourism to an emerging market and is becoming a mainstream tourism package. Maritime tourism accounts for 88% of visitor activity, which includes small boat landings (45%), small boat cruising (22%), cruising (18%), and kayaking, swimming, and scuba diving (3%).

**Table 3.6: Character of marine tourism in Antarctic Ocean Region**

<b>States</b>	Argentina, Australia, Belgium, Brazil, Chile, China, France, Germany, India, Italy, Japan, Korea, Namibia, New Zealand, Norway, Poland, Russia, South Africa, Spain, Sweden, Ukraine, United Kingdom, USA, Uruguay
<b>Population</b>	NA
<b>Coastal population</b>	NA

<b>Geographical sea extension</b>	22 million km <sup>2</sup>
<b>Coastline</b>	17,968 km
<b>Marine fauna</b>	NA
<b>International tourist arrivals</b>	NA
<b>Average direct GDP contributions</b>	NA
<b>Average total GDP contributions</b>	NA
<b>Average direct employment contribution</b>	NA
<b>Average total employment contribution</b>	NA

Note: Characters of countries with bold and underline indicates island states.

Source: Blue Tourism: The Transition Towards Sustainable Coastal and Maritime Tourism in World Marine Regions, 2019, eco-union

### 3.2. Small Island Development States

Small Island Developing States (SIDS) is a generic term for developing countries whose land area is made up of small islands. These countries are vulnerable to damage such as sea level rise due to global warming, and facing difficulty in sustainable development due to the inherent problems of island nations (small population, remoteness, natural disasters, sea level rise, etc.). Since the United Nations held the International Conference on Sustainable Development in SIDS in Barbados in April 1994, international conferences for environmental conservation and development in SIDS have been held continuously.

UNWTO has also continued to provide support for tourism development in SIDS, and in 2014 produced a pamphlet, *Tourism in Small Island Developing States (SIDS)*, to introduce its efforts. Table 3.7 shows the This report summarizes five aspects of the countries and economies listed: (1) the number of visitors, (2) the number of cruise tourists, (3) tourism revenue, (4) the number of accommodation rooms, and (5) the main countries of origin.

**Table 3.7: Situation of tourism sector in SIDS**

Country/ economy Unit	International tourist arrivals 1,000	inbound tourists per capita persons	Cruise passengers 1,000	Tourism expenditure USD million	tourism expenditure over GDP %	tourism expenditure per capita USD	Number of rooms rooms	Major source market (region)
Caribbean								
Antigua and Barbuda	269		793	971		10,272		Americas
Bahamas	1,633		4,878	3383		8,951	17,028	Americas
Barbados	680		676	1125		3,936	6,657	Americas; Europe
Belize	489		1,208	487		1,322	8,358	Americas
Cuba	4,684	0.41		2969		262	70,204	Americas; Europe
Dominica	63	0.89	134	111	22.0	1,557	506	Americas
Dominican Rep.	6,569	0.64	1,007	7,561	9.3	727	80,526	Americas; Europe
Grenada	185	1.71	343	548	45.4	4,970	2,242	Americas
Guyana	287	0.37		28	0.8	36	3,623	Americas
Haiti	447	0.04	885	620	6.7	57		Americas
Jamaica	2,473	0.86	1,846	3,099	19.7	1,066	29,635	Americas
St Kitts and Nevis	125	2.23	1,148	367	35.3	7,109		Americas
Saint Lucia	395	2.23	760	989	52.7	5,494	5,078	Americas
St Vincent and Grenadines	80	0.73	275	241	29.6	2,202	2,231	Americas
Suriname	278			73	2.1	129		Europe; Americas
Trinidad and Tobago	375	1.22	126	541	2.3	393	7,731	Americas
AIMS*								
Cabo Verde	710	1.30		524	26.4	987	13,187	Europe



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Country/ economy Unit	International tourist arrivals 1,000	inbound tourists per capita persons	Cruise passengers 1,000	Tourism expenditure USD million	tourism expenditure over GDP %	tourism expenditure per capita USD	Number of rooms rooms	Major source market (region)
Comoros	35.9	0.04		76.7	6.4	96	770	Europe
Guinea-Bissau	45	0.02		20	1.4	11		
Maldives	1,484	4.05		3,054	57.9	6,423	22577	Europe; East Asia and the Pacific
Mauritius	1399	1.10	9	2,161	15.2	1,710	13523	Europe; Africa
Sao Tome and Principe	33.4	0.16		71.9	17	354	872	Europe
Seychelles	362	3.81	43	611	38.4	6,454	6059	Europe
Singapore	14,673	2.59		20,416	5.6	3,641	66994	EA and Pacific
Pacific								
Cook Islands	169	9.94		153			1990	EA and Pacific
Fiji	870	0.98	188	1,370	25.0	1,570	10012	EA and Pacific
Kiribati	7.1	0.06	1.9	4.1	2.1	36	322	EA and Pacific
Marshall Islands	6.8	0.13		20.1	9.5	348	281	EA and Pacific
FSM	19.2	0.19						EA and Pacific
Nauru								
Niue	9.8	6.06		10.1			186	EA and Pacific
Palau	106	4.82		123	42.2	6,939	2372	EA and Pacific
PNG	140	0.02		15.3	0.1	2	6195	EA and Pacific
Samoa	164	0.82		191.3	22.4	983		EA and Pacific
Solomon Islands	28	0.04		92	6.5	149	1556	EA and Pacific
Timor-Leste	75	0.06		78	3	64	595	EA and Pacific
Tonga	54	0.53	23.3	48.1	10.9	476		EA and Pacific
Tuvalu	2.7	0.25				0		EA and Pacific
Vanuatu	116	0.4	234	325	37.1	1,168		EA and Pacific
Other SIDS UN- OHRLLS**								
American Samoa	20.2	0.36	31.6	22		395	279	EA and Pacific
Anguilla	55	3.66	4	109	36.5			Americas
Aruba	1,082	9.66	815	2,024	68.8	19,300	11,929	Americas
Bahrain	4,367	3.03	81	3,834	10.2	2,689	18,033	Middle East
Bermuda	282	4.62	484	583	9.1	9,031	2,404	Americas
British Virgin Islands	192	6	201	397		13,524	2,240	
Cayman Islands	463	7.47	1,921	880	15.2	14,064	6,780	Americas
Curaçao	432	2.67	757	605	18.4	3,789	6,971	Europe; Americas
French Polynesia	216	0.76		782		2,848	4,028	EA and Pacific; Europe
Guadeloupe	735	1.64	431	860			3,236	Europe
Guam	1,549	9.33		0			8,883	EA and Pacific
Martinique	537	1.39	393	530			4,481	Europe
Montserrat	8.8	1.69	4.3	12.4	20.3			Americas
New Caledonia	120	0.43	456	248		897	1594	EA and Pacific; Europe
Northern Mariana Islands	517	9.4	1	0			3,843	EA and Pacific
Puerto Rico	3,068	0.84	1,238	3,282		963	11,041	Americas
Turks and Caicos Islands	441	12.25	1022	787	77	21,527		Americas
United States Virgin Islands	381	3.63	1,446	1,046		9,729	2,483	Americas

Note \*AIMS means Atlantic, Indian Ocean, Mediterranean and South China Sea. In Mediterranean, there are no SIDS members at moment.

\*\* SIDS members other than developing countries defined by the Department of Economic and Social Affairs (DESA). SIDS is defined by Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN OHRLLS) and DESA respectively.

Orange cells mean that the values are high level in comparison with the those of other countries.

Source: The survey team has compiled statistical data of the SIDS members which are covered in the "Tourism in Small Islands Developing States (SIDS), 2014, UNWTO".

Table 3.7 shows the following points that are not apparent in the comparison among the PICs.

- In terms of the number of visitors per capita, the Cook Islands (9.94 persons), Niue (6.06 persons), and Palau (4.82) are the highest level among the Pacific island countries. In comparison with

other regions in the world, the Cook Islands has the same level as Aruba (9.66), Guam (9.33), and the Northern Mariana Islands (9.40), Niue has the same level as the Cayman Islands (7.47), and Palau has the same level as the Maldives (4.05) and Bermuda (4.62) respectively.

- The Caribbean dominates the number of cruise tourists, and the PICs do not have the highest number of cruise tourists in the world.
- Among the PICs, Palau, Fiji, and Samoa have the largest share of tourism revenue as a percentage of GDP, but there are many other countries and economies with similar levels of tourism revenue.
- The level of tourism income per capita in Palau is the same level as Maldives and Seychelles. However, there are many countries in the world that have a higher level of tourism revenue per capita than that of Palau, Maldives and Seychelles.
- The main source countries of visitors are strongly related to distance and historical context (e.g., past colonies).

### **3.3. Direction of tourism development in PICs**

Based on the analysis in section 3.1 and 3.2, the survey team pointed out the following preliminary ideas on future direction of tourism development in the PICs.

- The PICs have a stable social and political situation within a country, and there is no conflict between neighboring countries. This is an advantageous condition for the tourism development. On the other hand, if we broaden our perspective to the Asia-Pacific, there are problems in the East China Sea and the Nansha Islands, which could be a risk for countries to develop tourism.
- The South Pacific has the world's largest coral reefs (40% of the world's total) and an abundance of marine life that lives around coral reefs. While this is an advantage in promoting marine tourism, the region lags behind other regions in creating frameworks within the region for protecting marine resources and addressing climate change.
- Among marine tourism, beach activities are less differentiated from other marine tourism regions, especially those located at the same latitude, and may need to be combined with other factors, including natural environment on land, traditional culture, history, and current culture.
- The major origin countries of the world's maritime tourism regions are those that are geographically close to each other or have a historical background. In the case of the PICs, they are Asian markets, intra-regional markets (including Australia and New Zealand), and North American markets. The Asian market, especially China, has shown significant growth in the 2010s, and the Southeast Asian market is expected to expand in the future. From the perspective of potential visitors, the PICs are in an advantageous position.
- PICs need to pay attention to carrying capacity for sustainable tourism development and conservation of the natural environment. One typical form of maritime tourism is to take large

numbers of visitors by charter flight and spend 10 days to two weeks on the beach, but this type of tourism development should not be pursued in the PICs with small populations, small infrastructure capacity, and weak natural environments.

- It is necessary to develop tourism products and services that can increase the amount of expenditure per visitor. As seen in Table 3.7, there are many countries/ economies that generate more tourism income per capita than Palau, and it may be helpful to know what kind of tourism development these countries/economies are doing.
- In terms of access from origin countries, the PICs are at a disadvantage compared to other marine tourism regions. Access is time-consuming and mass transportation is difficult. However, with an eye on the post-COVID-19 world, there is potential for tourism development that avoids crowding (including preventing visitors from crowding each other).
- The PICs have smaller populations than other marine tourism regions, and many of them are composed of small islands. Therefore, it is difficult to develop tourism and infrastructure on a large scale. However, this point could also be linked to tourism development that avoids crowding as mentioned above.
- From an ethnocultural point of view, the PICs can be subdivided into three regions: Micronesia, Melanesia, and Polynesia. If the Micronesian, Melanesian, and Polynesian islands can compete to develop their respective advantages and at the same time market themselves as a single island area, it will lead to powerful tourism promotion.

The above is the preliminary idea on direction of tourism development in the progress report. The survey team will continue to discuss with the SPTO and tourism-related organizations in the three Micronesian countries to determine the direction of the development of the PICs.

### **3.4. Direction of tourism development for Micronesia, Melanesia and Polynesia**

Chapters 2, 3, and 4 of this report analyze the situation of the tourism sector in the Pacific Island countries and the tourism development of other maritime tourism regions and small island states in the world. Based on the results of these analyses, the preliminary directions for tourism development in Micronesia, Polynesia, and Melanesia can be summarized as follows.

- Difference of origin countries: The major origin countries are East Asia and the United States for Micronesia, and Australia and New Zealand for Melanesia and Polynesia. In addition, cruise tourism is common in Melanesia and Polynesia, while it is limited in Micronesia. This trend is unlikely to change significantly, and it is necessary to develop tourism products in accordance with the tastes of the people of the originating countries in the future. Since the average number of stay in Palau in which the large number of visitors from East Asia is short, for example, so it is necessary to develop products for them.

- Tourism resources and products: many countries and economies have marine resources such as coral reefs, sandy beaches, and marine life, and these resources has been developed as tourism products to some extent. However, efforts to develop the terrestrial natural environment, traditional culture, history, and current culture as a tourism product are yet to come, and these developments will increase the characteristics of each region. For example, the Melanesian region has a lot of potential for development with its volcanic landforms and tropical rainforests. In addition, Micronesia has multiple world heritage sites, while Polynesia has a marine environment and sea-connected life. These can be tourism resources.
- Competition and cooperation (Coopetition): As mentioned in section 3.3, Micronesia, Polynesia, and Melanesia can compete with each other in the development of tourism products, while at the same time cooperating in the marketing and promotion of tourism in the wider region and in the development of tourism human resources. It is possible to compete and upgrade, and market PICs in the world's tourism market.
- Development partners: Currently, ADB and Ministry of Foreign Affairs and Trade (MFAT) of New Zealand government are actively supporting the PICs<sup>2</sup>. The New Zealand government has been supporting the tourism sector, and ADB intends to start a support to the sector. Their supports are mainly for Melanesia and Polynesia, and there is a good chance that Japan will continue to support the tourism sector in Micronesia. In addition, even if the roles are divided among the regions, it is necessary for Japan to cooperate and coordinate with the ADB and the New Zealand government in providing support to the tourism sector in Micronesia, for example, by standardizing the format of tourism information.

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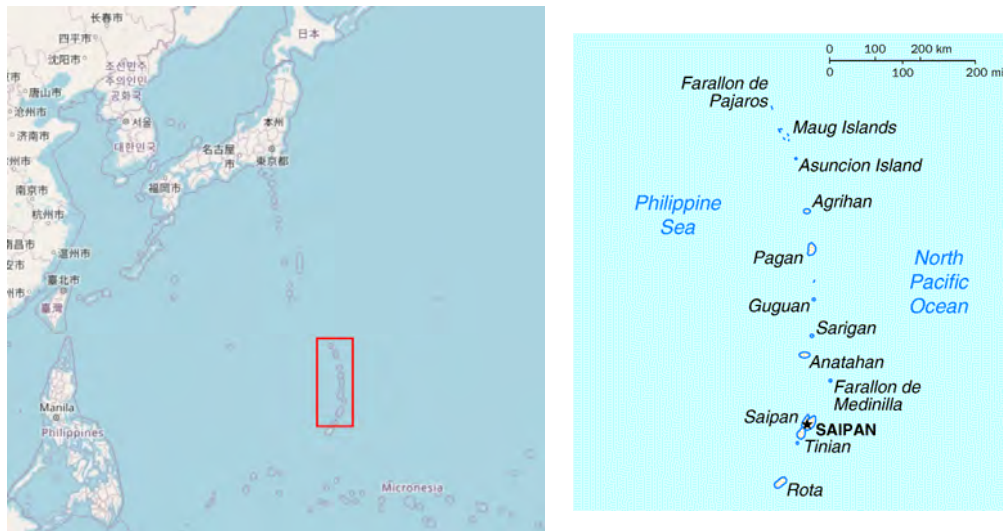
<sup>2</sup> Activities of these development partners before COVID-19 outbreak are described in the section 3.4, those in the COVID-19 outbreak are explained in Chapter 7.



## 4. Case studies on marine tourism and tourism in small islands

### 4.1. Tourism development in Commonwealth of the Northern Mariana Islands

Commonwealth of the Northern Mariana Islands (CNMI) is an insular area and commonwealth of the United States of America, consisting of 14 northernmost islands in the Mariana Archipelago, including Saipan, Tinian, and Rota excluding Guam. Until 1945, The CNMI was a part of Japanese mandated territory along with Palau and FMS.



Source: Open Street Map (<https://www.openstreetmap.org/>);  
[https://en.wikipedia.org/wiki/Northern\\_Mariana\\_Islands#/media/File:Northern\\_Mariana\\_Islands\\_map.gif](https://en.wikipedia.org/wiki/Northern_Mariana_Islands#/media/File:Northern_Mariana_Islands_map.gif)

**Figure 4.1: Location of Northern Mariana Islands**

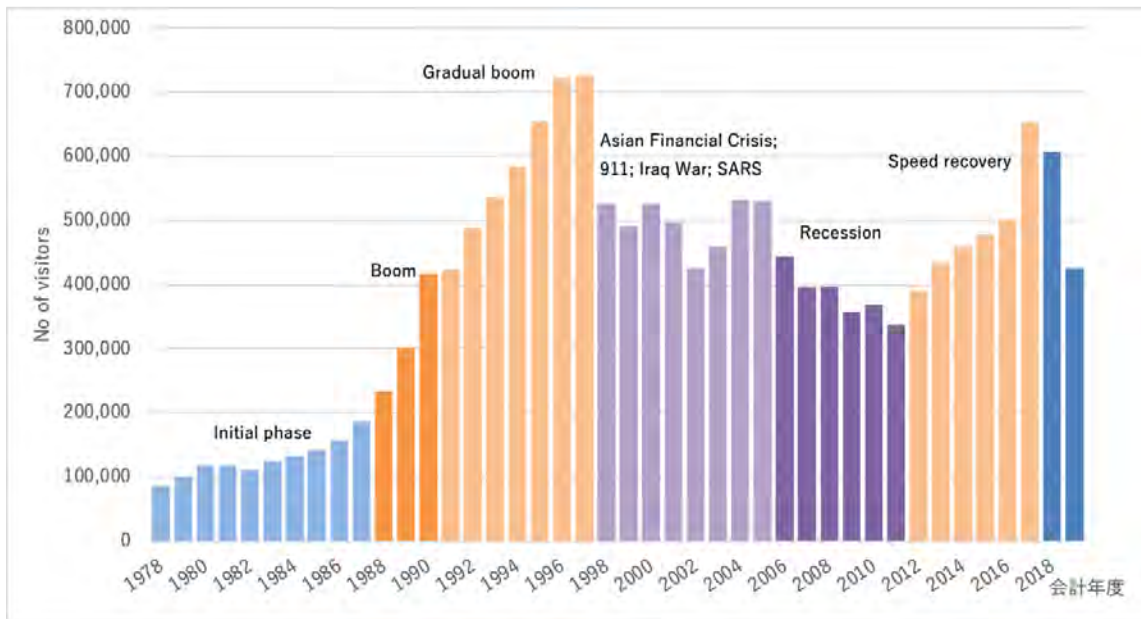
Marina Visitor Authority, the tourism promotion organization of the CNMI government prepares tourism development master plan in every 5 years, and the latest version was published in 2017. This section summarizes the situation of tourism sector in the CNMI, and proposals in short- and long-term perspective in the master plan.

#### 4.1.1. Characteristics of tourism in the CNMI

Figure 4.2 shows number of visitors to the CNMI. The number increased 22 % a year from 1986 to 1991, 11 % a year from 1992 to 1996 respectively. In 1996, more than 700,000 million people visited Northern Mariana. Most visitors during this period were from Japan, which occupied 70 % in total. However, after 1998, visitors declined 500,000 million per year and kept the level until 2005. During 2006 to 2011, the visitors declined gradually, and in 2011 the number of visitors recorded 350,000 million per year. The major tourism activities especially in Saipan are resting at the beach, diving, snorkeling, and shopping.

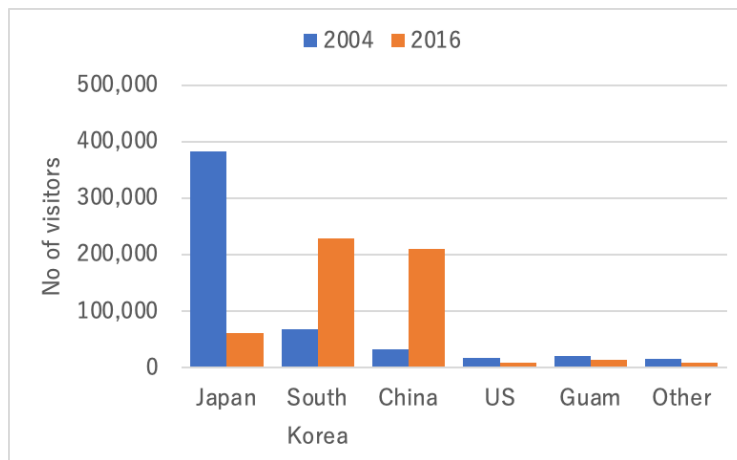
After 2012, the number of visitors increased again and recovered about 530,000 million per year in 2016. This increase of visitors was according to increase from South Korea and China. Figure 4.3 shows number of visitors by main departure countries in 2004 and 2016. In 2004, there was 400,000 million

visitors from Japan, but in 2016, number of visitors reached more than 200,000 million in both South Korea and China.



Source: Marianna Visitor Authority (1978-2017); East-West Center (EWC) (2018-19)

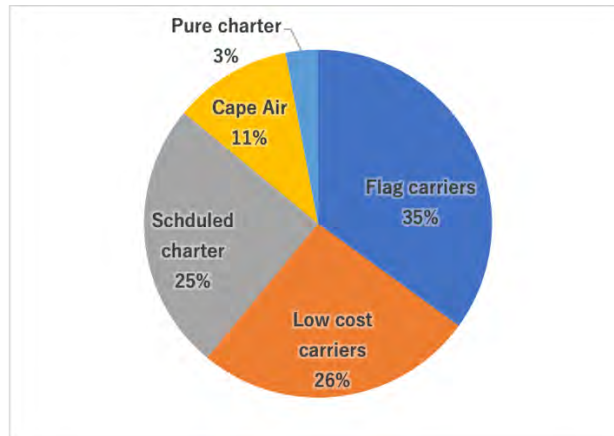
**Figure 4.2: Number of visitors in Northern Mariana from 1978 to 2019**



Source: Prepared by survey team, based on Tourism Development in the US Commonwealth of the Northern Mariana Islands

**Figure 4.3: Number of visitors from main departure countries in 2004 and 2016**

Figure 4.4 shows types of flights arrival at Saipan International Airport in 2016. In 2016, Saipan International Airport had between 56 and 57 arrivals weekly (excluding Cape Air), of which more than half were low-cost carriers or scheduled charters.

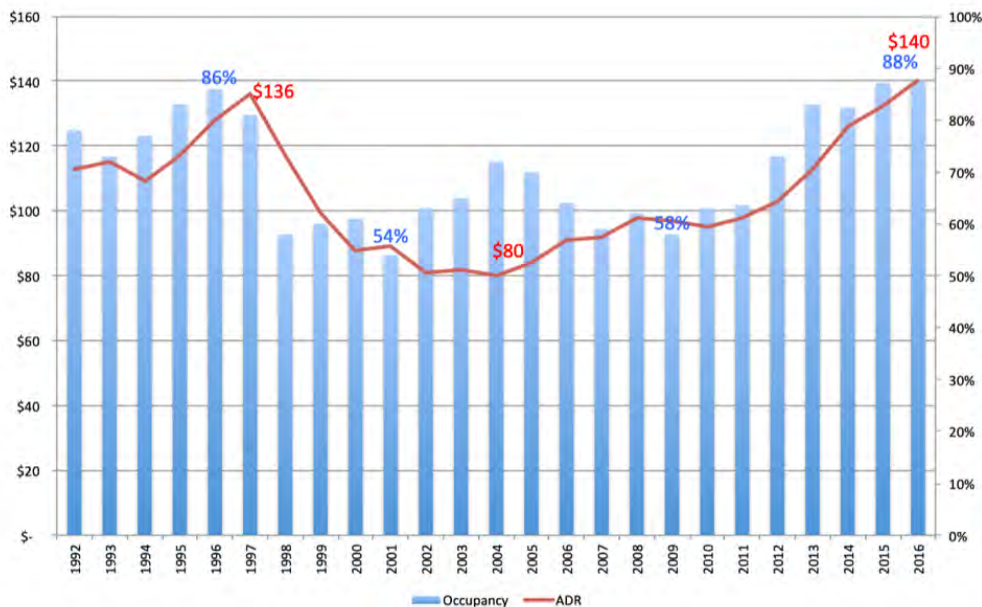


Note: Flag carriers means airline company providing passenger transport service before low-cost carrier services. Cape Air is a small airline company serving mainly in Guam.

Source: Prepared by survey team based on Tourism Development in the US Commonwealth of the Northern Mariana Islands

**Figure 4.4: Types of flight arrivals in 2016**

Figure 4.5 shows a change of occupancy rate and average daily rate (ADR) based on data from Hotel Association of the CNMI. From 1992 to 1993, occupancy rate of hotels gradually increased from 70 % to 90 %, and ADR was on upward trend. Tough, during 1998 to 2011 occupancy rate had slumped about 50 % to 60 % and ADR also decreased to 80 dollars in 2004. After 2012, occupancy rate raised again and in 2015 to 2016, occupancy rate was back close to 90 %. In 2016, ADR was back to 140 dollars that is average level of late 1990s. This is a result of the increase in visitors from South Korea and China in the 2010s.



Source: Tourism Development in the US Commonwealth of the Northern Mariana Islands (Hotel Association of Northern Mariana Islands)

**Figure 4.5: Transition of occupancy rate (hotels) and average daily rate**



#### 4.1.2. Proposals in the master plan

The latest master plan is alarming that the current increase in accommodation in the CNMI is in oversupply. It is estimated that number of rooms of major accommodations is around 4,500 rooms. If occupancy rate keeps 70 % and assuming that each room will have 1.4 person as its current level, the target number of visitors would be 1.2 million per year. In 2016, the number of visitors was 530,000 and it is necessary to increase 700,000 visitors. To increase 700,000 visitors, it is pointed out that increase in number of flights to 75 flights per a week (assuming 180 passengers) is needed and, investment in infrastructure such as electricity, water supply and waste disposal.

**Table 4.1: Proposals for short-term**

Shortening of time at airport	<ul style="list-style-type: none"> <li>- Shorten the waiting time on arrival and consider the capacity of airport facilities</li> <li>- Reduce the time taken for immigration control</li> </ul>
Renovation of aging accommodation facilities	<ul style="list-style-type: none"> <li>- Reaching out to Property Owners</li> <li>- The increase in tourism revenue due to the increase in visitors from Korea and China in recent years is a tailwind for renovation. If, the renovation is not carried out now, it may lead to a sluggish growth in the number of visitors (sluggish growth in the number of visitors from South Korea and China).</li> </ul>

Source: Prepared by survey team based on Tourism Development in the US Commonwealth of the Northern Mariana Islands

**Table 4.2: Proposals for long-term**

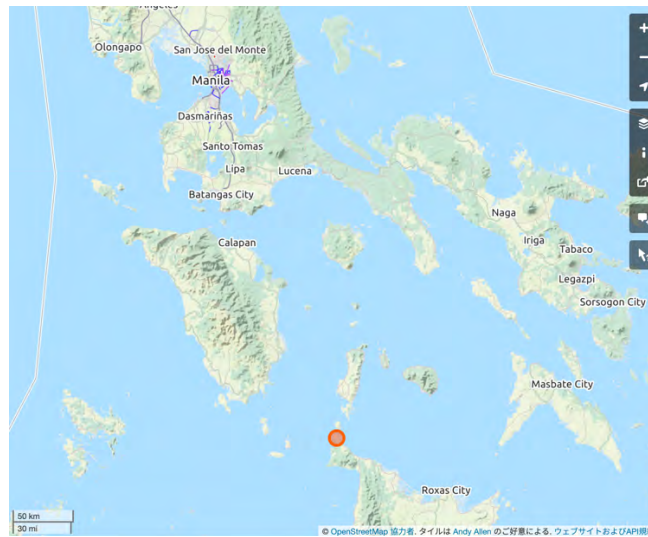
Proceeding high-quality development	<ul style="list-style-type: none"> <li>- Development of resort-oriented (non-peripheral) accommodation</li> <li>- Attracting famous hotel chains, ensuring the quality of developers</li> <li>- Promotion of the development of tourist facilities in front of the beach</li> <li>- Expansion of accommodation from Saipan to Tinian and Rota (at the same time the need for infrastructure development)</li> </ul>
Tourism development concentrated on Saipan, dispersed to Tinian, Rota	<ul style="list-style-type: none"> <li>- Participation of Tinian and Rota Island officials in tourism development planning</li> <li>- Improving accessibility of the island of Tinian and Rota (at the same time the need for infrastructure development)</li> <li>- Development of tourism products on the island of Rota, Tinian, different from the island of Saipan</li> </ul>
Seeking individuals (FIT) friendly tourist destination (aim for 30 to 40% of FIT visitors)	<ul style="list-style-type: none"> <li>- Improvement of transportation in island: Bicycle rental (ridesharing), public bus (free-riding system), enhanced signage.</li> <li>- Utilization of Concession Agreements: Improving services through private contracting of public spaces, bathrooms, parking space.</li> <li>- Introduction of a quality assurance system (to stores, restaurants, etc.)</li> </ul>
Providing various tourism activities	<ul style="list-style-type: none"> <li>- Development of tourist facilities other than hotel-centered accommodation: the expansion of shopping malls, restaurants, campgrounds, night markets, etc.</li> </ul>
Destination Marketing	<ul style="list-style-type: none"> <li>- The provision of tourist information focused on the individual customer, and the provision of a reservation mechanism for hotels, restaurants, tourist facilities, etc.</li> <li>- Introduction to the popular tourist activity schedule</li> </ul>
Yield Management	<ul style="list-style-type: none"> <li>- Introduction of yield management and concept: Maximizing revenue for hotels, restaurants, and tourist facilities and maximizing tax revenue for the federal government</li> </ul>

Source: Prepared by survey team, based on Tourism Development in the US Commonwealth of the Northern Mariana Islands

In addition to that, setting more realistic targeting numbers (about 770,000 visitors in 2021 and 910,000 visitors in 2026) and taking following actions as short-term and long-term initiative.

#### 4.2. Six-month closure of Boracay Island, Philippines (April to October 2018)

Boracay is an island located 200 km south of Manila, the capital of the Philippines, and 2 km off the northernmost tip of Panay Island, at the western end of the Visayas Islands. Covering an area of 1,002 hectares, the island is 7.5 km north-south and 7.5 km east-west. The population was about 32,000 as of February 2016.



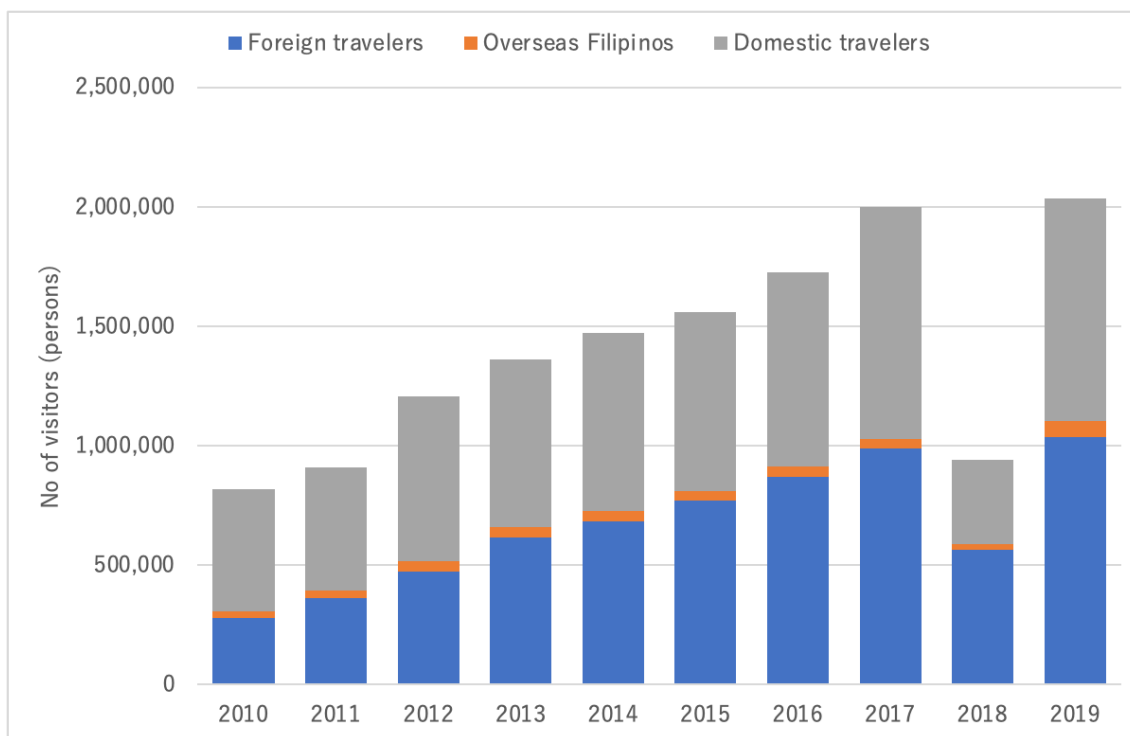
Source: Open Street Map (<https://www.openstreetmap.org/>)

**Figure 4.6: Location of Boracay Island**

##### 4.2.1. Progress in tourism development

Tourism development in Boracay began slowly in the 1970s, but the development accelerated in the 1990s. It was designated as a Special Tourism Zone by then President Arroyo in December 2004, putting in place a structure for the Philippine Tourism Authority (PTA) to promote tourism development with the provincial government<sup>1</sup>. Boracay has 4 km of sandy beaches and visitors was rapidly increased in the 2010s, with several media described it as a great beach. Figure 4.7 shows visitors in Boracay from 2010 to 2019. The number of visitors, which was 810 thousand in 2010 when statistics began to be recorded as Boracay island, exceeded 2 million in 2017. Half of the visitors were international tourists, and the other half were domestic tourists.

<sup>1</sup> <http://www.officialgazette.gov.ph/downloads/2004/10oct/20041022-EO-0377-GMA.pdf>



Source: Prepare by survey team based on Department of Tourism's Website ([http://www.tourism.gov.ph/tourism\\_dem\\_sup\\_pub.aspx](http://www.tourism.gov.ph/tourism_dem_sup_pub.aspx))

**Figure 4.7: Change of number of visitors in Boracay Island**

#### 4.2.2. Suspension of receiving tourists due to environmental degradation and presidential order

As the number of visitors increased, marine pollution as well as massive algae blooms on the beach due to sewage from accommodations and restaurants became a problem. Boracay originally lacked adequate sewage facilities; in 1997, inadequate sewage facilities caused a problem of E. coli growth on the beach as a result of inadequate domestic wastewater flowing into the island. The number of visitors has decreased by 60 % in the year.

In order to solve sewage problem, President Duterte announced that tourists are prohibited to enter to Boracay and to implement activities to recover environment of the island in February 2018. From 26<sup>th</sup> April 2018, police officers and troops stood at the island's wharf checkpoint and restricted entry of tourists. At the same time, actions were taken on the island to clean up the beaches, remove algae, close hotels and restaurants (about 400) that were found to be in violation of environmental laws, close three casinos, remove buildings within 30 meters of the beach, and put in place mechanisms to allow ethnic minorities to participate in tourism development through agricultural production<sup>2</sup>.

After originally planned six-month tourist suspension period, Boracay re-opened to welcome tourists

<sup>2</sup> Department of Environment and Natural Resource' Bureau of Ecological Research and Development commissioned the University of the Philippines Los Baños to conduct a study on the carrying capacity of Boracay, which found that Boracay island can accommodate 19,215 tourists per day, or 60,000 people for the entire island, including residents. (<https://www.pna.gov.ph/articles/1047750>)

from 26<sup>th</sup> October 2018 although infrastructure development such as the development of sewage treatment facilities, was not finished.

#### 4.2.3. New rules for environment conservation

As a result of six-month tourist suspension, number of visitors in 2018 was 940,000 which was minus 53 % decrease compare to previous year. During 12months after re-opening of the island, number of visitors was restricted to 6,000 per a day (before suspension, maximum number of visitors was 19,000 per day), however, its impact was not well apparent. In 2019, the number of visitors recorded 2.03 million and received more visitors in 2017 (around 2 million; refer to Figure 4.7).

Upon the resumption of visitor reception, the Department of Tourism and the Department of Environment and Natural Resource decided on twelve new rules for environmental conservation in Boracay, shown in Figure 4.8.



Source: CNN Travel article (Boracay reopens to tourism, but its party days are over | CNN Travel <https://edition.cnn.com/travel/article/boracay-reopening-restrictions-intl/index.html>)

**Figure 4.8: New rules for environmental conservation in Boracay Island**

The Philippine government estimates that the six-month shutdown resulted in a loss of between 18 and 20 billion Philippine pesos<sup>3</sup>. Tourism officials estimate that the loss amounted to 30 billion Philippine pesos because the 700,000 cancellations of foreign tourist bookings was not included to estimation by the government.

<sup>3</sup> In late April 2018, 1 Philippine peso = 2.16 yen = 0.019 US dollars.

### 4.3. Environment protection policy in Palau

The “Palau Responsible Tourism Policy Framework 2017 – 2021”, published in December 2016, notes that the term “Responsible Tourism Policy” has the following meanings:

- Tourism development provides economic, social, and environmental benefits to all of Palau’s states.
- Tourism development and management is coordinated with the environment, labor, agriculture, and fisheries sectors.
- Tourism development and management avoids damage to Palau’s biodiversity and ecosystems, works to eliminate unsustainable consumption and minimize pollution and waste.

Thus, in Palau, there is a strong awareness of the need to balance tourism development and environmental protection. In this context, (1) the collection of environmental taxes from entrants, (2) the establishment of marine resource reserves in most of the economic exclusive zones, and (3) the banning of the use of sun creams containing scientifically hazardous substances have been provided for by law since the late 2010s<sup>4</sup>, and have been in effect since 2018 for (1) and from January 2020 for (2) and (3).

#### 4.3.1. Palau Pledge and Pristine Paradise Environmental Fee

From 7<sup>th</sup> December 2017, the entry stamp for entering Palau was changed. New entry stamps include Palau Pledge and signature of agreement. Entrants are required to sign the signature sheet as instructed by the immigration officer at the time of entry. Contents of the pledge are prepared in several languages such as English, Japanese, Korean and Chinese. Contents of Japanese and English are as follow.

<p>パラオの皆さん、 私は客人として、 皆さんの美しく ユニークな島を保存し 保護することを誓います。</p> <p>足運びは慎重に、 行動には思いやりを、 探査には配慮を忘れません。</p> <p>与えられたもの 以外は取りません。</p> <p>私に害のないものは 傷つけません。</p> <p>自然に消える以外の 痕跡は残しません。</p>	<p>Children of Palau, I take this pledge, as your guest, to preserve and protect your beautiful and unique island home.</p> <p>I vow to tread lightly, act kindly and explore mindfully.</p> <p>I shall not take what is not given.</p> <p>I shall not harm what does not harm me.</p> <p>The only footprints I shall leave are those that will wash away.</p>
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Source: Website of Embassy of the Republic of Palau in Japan ( <http://palauembassy.or.jp/blog/2017/12/palau-pledge/#.X6jk6y-MvOQ> )

<sup>4</sup> (1) and (2) are provided for in the Palau National Marine Sanctuary Law (RPPL No. 9-49 of 2015; RPPL 10-2; RPPL 10-35), and (3) is provided for in The Responsible Tourism Education Act of 2018; RPPL No. 10-30).

Also, collection of Pristine Paradise Environmental Fee (PPEF) of 100 US dollars has begun on 1<sup>st</sup> January 2018. In Palau, an Environmental Impact Fee (EIF) has been collected on departure from the country since 2009<sup>56</sup>, but this EIF was replaced by the PPEF, which is collected by added to cost of the airline ticket. The use of PPEE is defined by the 2017 amendment to the National Marine Protected Area Law (RPRL No. 10-02) as shown in Table 5.3.

**Table 4.3: Use of PPEE**

Items	Amount (USD)
Deposited in the National Treasury for security, operation, maintenance and improvement of Palau International Airport	25.00
National treasury	22.50
Divided among the states	12.50
Fishery Protection Trust Fund	10.99
Green Fee (Environmental fund)	30.00
Total	100.00

Source: 2017 amendment of the Palau National Marine Sanctuary Law (RPRL No. 10-02).

Besides to PPEF, some places, such as Rock Island, Jellyfish Lake, and Glass Mao Falls, have state government entry fees for entry to tourist sites. For example, Rock Island has an entry fee of US\$50<sup>7</sup>.

#### 4.3.2. Setting up Palau National Maritime Sanctuary

The Palau National Marine Sanctuary Act (partially amended in October 2018), enacted in October 2015 and implemented in stages, prohibits commercial fishing in approximately 80% of the waters of the Exclusive Economic Zone (EEZ) as a Palau National Maritime Sanctuary (PNMS) (refer to Figure 5.9). Rest of 20% was set for domestic fishing zone or commercial fishing zone. The management of PNMS will be under the jurisdiction of the Palau International Coral Reef Center, and there will be a budgetary provision for this purpose.

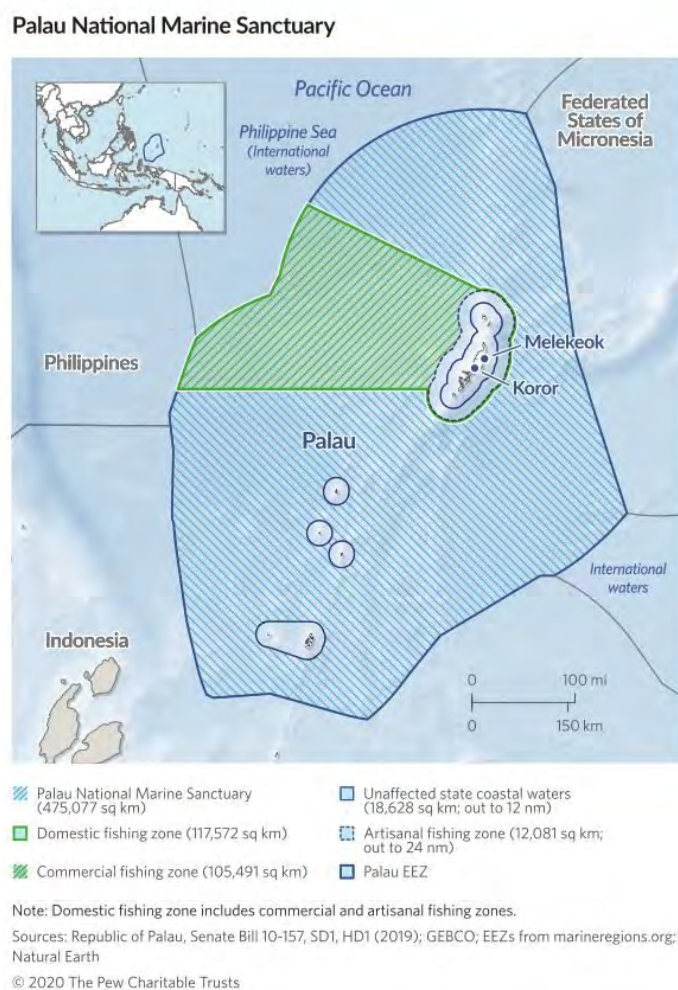
The operation of the National Marine Sanctuary Act will be fully implemented from 1<sup>st</sup> January 2020, and on 14<sup>th</sup> January, an agreement was exchanged between Government of Palau and Japanese “National Association of Inland Sea Bonito and Tuna Fisheries”, that allow fishing in commercial fishing zone until end of 2020<sup>8</sup>. This allows for the continuation of tuna longline fishing by Okinawan fishing vessels, which are historically closely related to this area.

<sup>5</sup> The history of natural conservation related to tourism development in the Republic of Palau, *Landscape Research Journal* 78, 2015 (<https://yokoharilab.t.u-tokyo.ac.jp/wp-content/uploads/2016/08/palau2015.pdf>)

<sup>6</sup> The initial tax was US\$15, then the tax was gradually increased to \$30 in 2012, and \$50 in 2015.

<sup>7</sup> A study on the relationships between willingness to pay for environmental protection and tourist satisfaction, *Landscape Research Journal* 79, 2016 (<https://yokoharilab.t.u-tokyo.ac.jp/wp-content/uploads/2016/08/palau2016.pdf>)

<sup>8</sup> Overcoming the COVID-19 calamity —Impacts on Japan’s fishery sector and challenges to achieving sustainable fisheries ([https://www.spf.org/en/global-data/opri/perspectives/prsp\\_007\\_2020\\_kobayashi\\_en.pdf](https://www.spf.org/en/global-data/opri/perspectives/prsp_007_2020_kobayashi_en.pdf))



Source: Palau Visitor Authority Website (<https://www.pristineparadisepalau.com/national-marine-sanctuary/>)

**Figure 4.9: Marine resource protection zone, domestic fishing and commercial fishing zone**

#### 4.3.3. Prohibition of the use of sunscreen containing scientifically harmful substances

The “Responsible Tourism Education Act” enacted in 2018, went into effect on 1<sup>st</sup> January 2020, and banned the use of sunscreens containing 10 chemicals that are harmful to the reef in Palau. Harmful sunscreens brought into Palau or sold in the country will be confiscated and owners will be fined \$1,000. Such prohibition of the use of sunscreen containing harmful substances is planned to introduce in State of Hawaii in the United States and Dutch Bonaire in the Caribbean Sea (both from 2021).

#### 4.3.4. Environmental Protection Policy Implementation Challenges

The operation of Palau National Maritime Sanctuary has started in phase since October 2015, and a research paper published in 2017 pointed out that the operation was effective<sup>9</sup>. While prohibition of the use of sunscreen containing harmful substances has officially implemented from January 2020, and its

<sup>9</sup> This Small Island Nation Makes a Big Case for Protecting Our Oceans (<https://www.nationalgeographic.com/news/2017/03/palau-marineprotected-area-ocean-fish/>)

effectiveness is difficult to measure for now due to the drastic decrease in tourists due to the global pandemic of Covid-19.

It is necessary for Palau to establish monitoring system to implement environmental policies both continuously and effectively. For example, deployment of patrol vessel and its continuous operation is needed to monitor the absence of illegal fishing in Palau National Maritime Sanctuary. Former President Tommy Remengesau, keynote speaker at the July 23, 2020 webinar "Ensuring a robust 'blue' recovery in Asia and the Pacific," also mentioned about the challenge of establishing such a monitoring system.





## **5. Tourism development projects in Republic of Palau and Yap Islands in FMS**

In the course of collecting and analyzing information on the tourism sector in the PICs, the survey team interviewed the Sasakawa Peace Foundation (SPF), a public interest foundation working for the development of environmentally friendly tourism in the Republic of Palau, and ECOPLUS, a non-profit organization working for tourism development as part of community development in Yap Island, FSM. The experiences of both organizations are instructive when considering the development of the tourism sector and the support related to the tourism sector in the PICs. This chapter summarizes their activities.

### **5.1. Realising environment-conscious tourism in Palau**

This project has been implemented under an MOU signed in 2016 by the Government of Palau, Nippon Foundation and SPF. This project has been planned and implemented with the following background and issues:

- The development of the tourism sector is important to advance the economic independence of the Republic of Palau.
- In the future, it is necessary to develop tourism that will return benefits to many people.
- The rapid increase of tourists is putting high pressure on the natural and social environment, and it is necessary to balance the economic benefits of tourism development with the conservation and protection of the natural and social environment.

This project consists of 2 components: (1) tourism carrying capacity survey and, (2) community-based ecotourism.

#### **5.1.1. Tourism carrying capacity survey**

The purpose of tourism carrying capacity survey is to enable the Koror State Government to implement a management approach using objective indicators for the “Rock Island Group and South Lagoon” as the target area, which was inscribed on the World Heritage List in July 2012.

The summary of survey is shown in Table 5.1 below. Three areas were selected as the pilot sites to conduct camera-based noise and congestion surveys and tourist satisfaction surveys. The results were compiled into the report titled " Measuring experiential value of tourists in the Rock Islands Southern Lagoon in Palau - Towards the LAC introduction for Tourism Carrying Capacity- Part I and Part II" and shared among stake holders that includes tourism service providers. The survey had conducted around Rock Island in Koror State, where there is strong pressure from tourists to visit. In the future the SPF project team expects to expand to include land areas such as the northern part of Babeldaob Island.

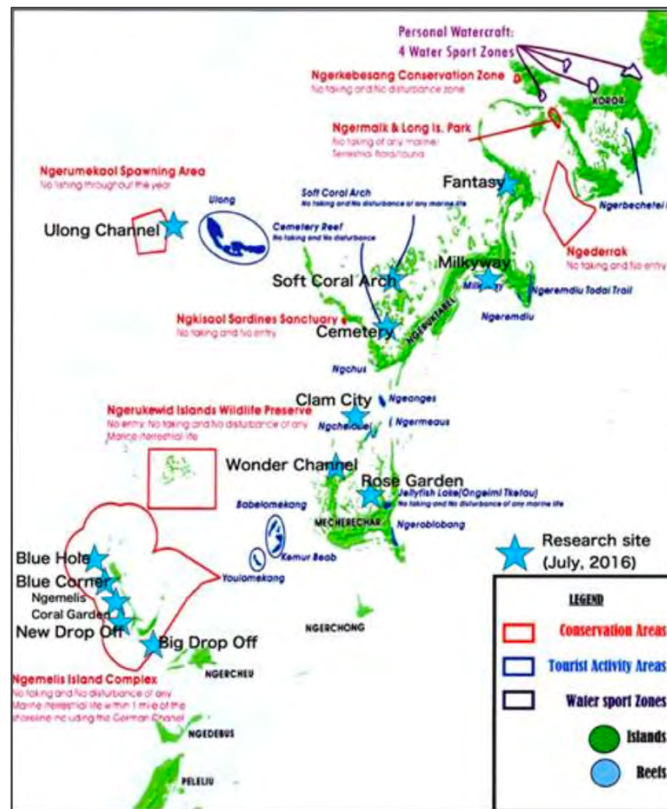
No ecological survey has been conducted so far, and it is necessary to conduct an ecological survey as

well, utilizing local resources such as the International Coral Reef Centre and local NGOs.

**Table 5.1: Summary of tourism carrying capacity survey**

<b>Counterpart in Palau</b>	<ul style="list-style-type: none"> <li>- Koror State</li> <li>- Ministry of Natural Resources, Environment and Tourism (MNRET); Bureau of Tourism</li> </ul>
<b>Collaborators of project team</b>	Dr Ayako Toko (Associate Professor, Department of International Tourism Management, Toyo University; ecotourism specialist); Dr. Masanori Take (Associate Professor, Faculty of Art & Design; specialist for management of the World Heritage sites); Yasukazu Hama (Visiting Researcher, Center for Spatial Information Science, University of Tokyo; specialist for survey design and analysis)
<b>Survey area/ pilot sites (refer to Figure 5.1)</b>	Rock Islands and Southern Lagoon: selected 3 places (Milky Way, Soft Coral Arch, etc.) as pilot sites
<b>Project Activities</b>	<p>(1) Pilot surveys: results were shared among stakeholders to utilize solving congestion per hour</p> <ul style="list-style-type: none"> <li>- Survey on noise and congestion (camera-based survey)</li> <li>- Tourists satisfaction survey was carried out by questionnaire</li> <li>- Survey was implemented twice (July to August 2018 and February 2019) by survey team, Koror state, and MNRET</li> </ul> <p>(2) Feedback to Koror State</p> <ul style="list-style-type: none"> <li>- Supplying necessary equipment</li> <li>- Held brief sessions</li> <li>- Proposition of management methods</li> </ul>

Source: Prepared by the survey team based on information from SPF



Source: SPF document (prepared by Dr Toko)

**Figure 5.1: Survey area/ pilot sites**

### 5.1.2. Community-based ecotourism

The community-based ecotourism program covers 10 states on the island of Babeldaob, with each

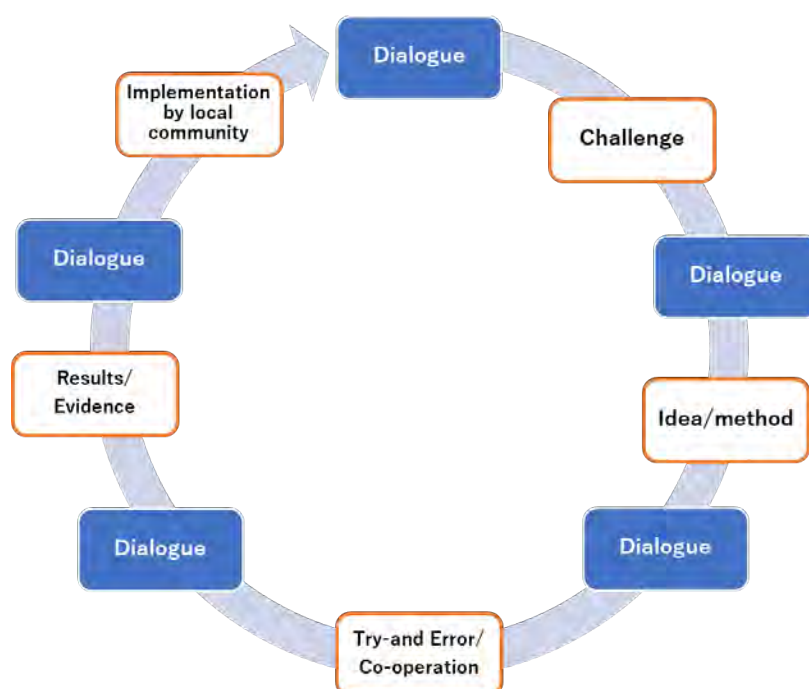
participating state government and the SPF taking the lead, and the Bureau of Tourism (BOT<sup>1</sup>) providing supports in terms of national tourism guidelines and other regulations. In the past, Palau’s tourism development has been led by powerful capitalists and foreign investors. However, under the constitution, each state and local people who have ownership of land areas up to 12 nautical miles from the coast must take the lead in tourism development. In addition, it aims to introduce community-based tourism, which consists of three elements: (1) providing authentic experiences for environmentally conscious tourists, (2) limiting impacts on natural and cultural resources, and (3) building the financial resilience of residents (resource managers).

The introduction of community-based tourism consists of the four steps shown in Table 5.2, and the introduction of each step is carried out through dialogue with community members using the cycle dialogue method shown in Figure 5.2.

**Table 5.2: Four steps to introduce community based eco-tourism**

Step	Note on activities
Establish “eco-tourism” concept with local community	- Community-led tourism - Small group sightseeing, legitimate price setting
Re-discover tourism resource from daily life	Nature, culture, history, and myth etc.
Planning tours	- Connecting the dots to the line - By theme and local guide
Enforcement of management skill	Finance, security and promotion

Source: Prepared by the survey team based on information from SPF



Source: Prepared by the survey team based on information from SPF

**Figure 5.2: Cycle dialogue method**

<sup>1</sup> In Palau, there are two tourism-related organizations in the central government: Bureau of Tourism, a department directly under the Ministry of Natural Resources, Environment and Tourism that administers laws and regulations, and the Palau Visitor Authority, an organization directly under the President that is responsible for promotion. Due to the reorganization of the ministry in June 2021, the Bureau of Tourism became part of the Ministry of Human Resource, Culture, Tourism & Development.

The following sentences describes the activities in each of the four steps.

#### Step 1: Sharing concepts with community members

First challenge was to have mutual understanding of “ecotourism” between project team and local community. Ecotourism had understood as “to enjoy nature” in the local community, however, project team explained ecotourism is tourism that is contradict to mass tourism. In the beginning, Japan Ecotourism Society worked together with project team. Iriomote Island (Okinawa Prefecture), Kumano and Toba City (Mie Prefecture) were selected as similar case studies of Japan and training programs were organized in each place to deepen understood of concept. Through case studies of Japan, local community learned that a large initial investment is not essential (utilizing what community have as much as possible).

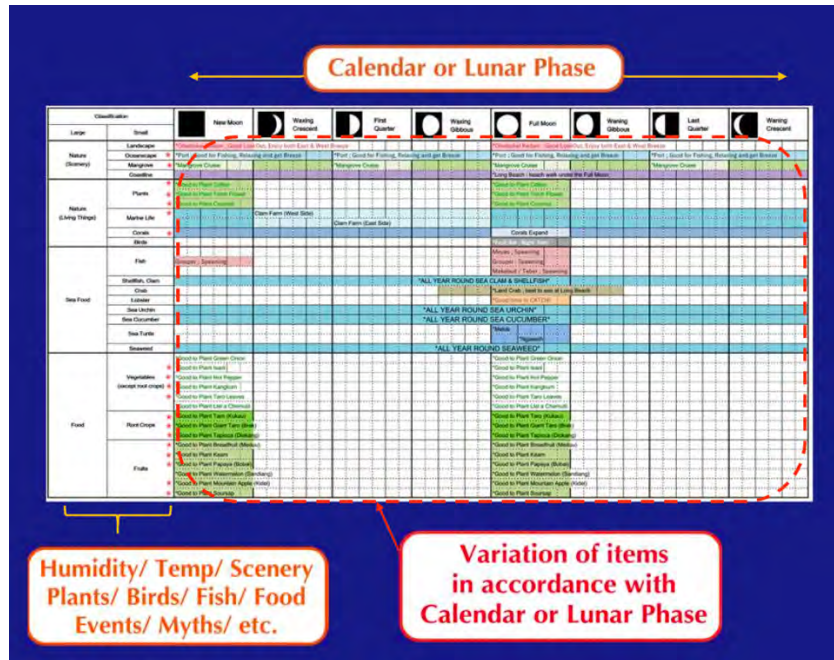
The first challenge was to establish a common understanding of “ecotourism” between the project team and the local community members. Ecotourism has been understood locally as “enjoying nature,” but the project team explained that ecotourism in this project is “tourism as opposed to mass tourism.” Then, with the cooperation of the Japan Ecotourism Society<sup>2</sup>, the project team took up the experiences of ecotourism tourism development in Taketomi Town (Iriomote Island), Kumano & Toba City and Ninohe City (Iwate Prefecture) as case studies. Participants from Palau deepened the understanding of the concept of ecotourism by conducting training in each area. They also learned from the Japanese case studies that a large initial investment is not necessary (utilize what you have as much as possible).

#### Step 2: Re-discover tourism resource from daily life

In order to encourage community people to take the lead in tourism development, a phenology calendar was created according to the phases of the moon. Inputs received from the community were used for tourism development planning. By doing this activity, the project team succeeded in eliciting knowledge that the community people have in common sense, such as recognizing minute changes in the country, which is often considered to be unchanged throughout the year, and confirming the best time to enjoy flora and fauna, the blooming time of flowers in Palau, and the season of marine resources.

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<sup>2</sup> <https://ecotourism.gr.jp/english/>



Source: SPF document

**Figure 5.3: Phenology calendar in accordance with phase of the moon**

Step 3: Tour planning

Based on the phenology calendar, project team and locals narrowed down the candidate dates for tourism and created a half to full day eco tour, connecting the dots to the line on the theme of local mythology, environment and history. Planned tours were examined by Japan Ecotourism Society and stakeholders of Kumano and Toba to see if the tours are sellable. Tours are targeted for small number participants with maximum of 8 persons, for 200 dollars/per person.

Using a phenology calendar, the community and the project team found points to introduce the local mythology, environment, and history to visitors, and by connecting the points into lines, we created a half-day to full-day tour program. In addition, by narrowing down the candidate days suitable for sightseeing, we were able to differentiate the prices and change the tour structure. The prepared tour programs are verified whether the prepared tour programs could be sold by representatives of Japanese ecotourism operators such as Mr. Takahisa Ezaki (Kaito-yumin Club<sup>3</sup> in Toba City), Ms. Harumi Tokuoka (Iriomote Island Eco-Tourism Association<sup>4</sup>), and Ms. Yukiko Uchiyama (Kumano Tour Plan<sup>5</sup>; Kumano City), verified whether the prepared tour programs could be sold as tour programs. The tour was designed for a small number of people, with a maximum of eight people and a unit price of \$200 per person.

<sup>3</sup> <https://oz-group.jp/kaitoyumin/>  
<sup>4</sup> <https://www.iriomote-ea.com>  
<sup>5</sup> <http://kumanokodo.info>





Connecting points to line



Examination of tour program

Source: SPF Annual report 2018

**Figure 5.4: Tour planning**

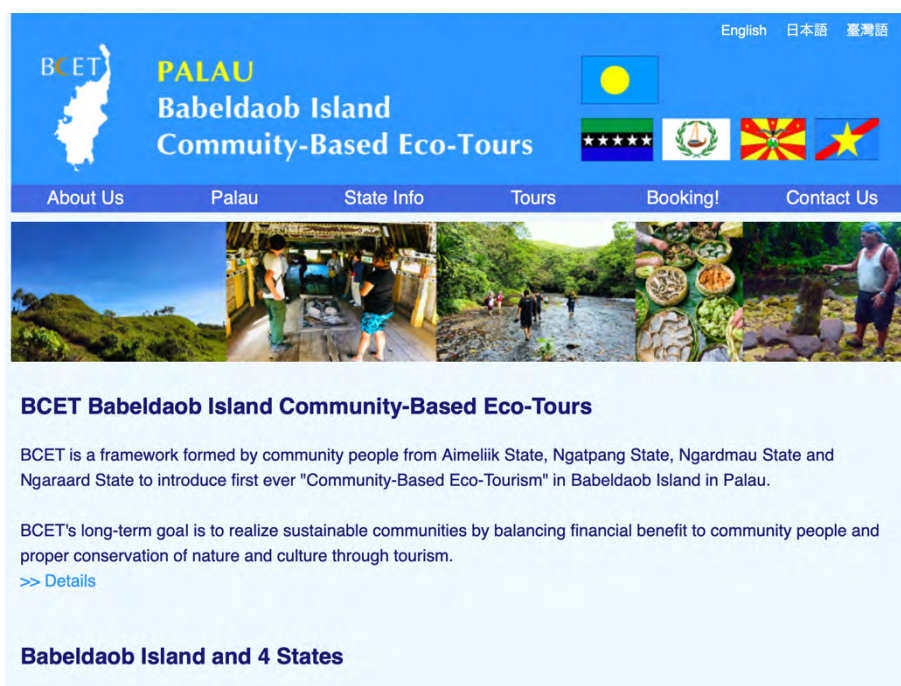
**Step 4: Enhancement of management capacity**

Training on finance, safety, and promotion was conducted with the aim of enhancing the management capacity of communities and state governments.

So far, more than 30 workshops & meetings, 3 trainings in Japan and 4 trainings in Palau have been conducted in 10 states with the participation of local communities. The project team also coordinated with the agricultural support activities by International Cooperation and Development Fund (ICDF) of Taiwan and prepared for promotion to the Taiwanese market. Pilot tours to validate the tour program for Japanese participants were conducted in January and October 2019.

The community-based ecotourism project targets 10 states on the Babeldaob Island. Since the project emphasizes the autonomy of the participating states and local residents, however, only four states (Aimeliik, Ngatpang, Ngardmau, and Ngaraard) have formed tour programs and enhanced local management levels so far. These four states are the first ones to develop eco-friendly CBT tourism in the Babeldaob Island. These states established Babeldaob Community Eco Tours (BCET), an organization to promote tourism development, and launched its website in April 2020. The four

provinces have also been forming a tourism product in the midst of the global spread of COVID-19. In December 2021, four to five half-day to full-day tour products (including lunch and dinner provision) have been set up in the states of Aimeliik, Ngardmau, and Ngarrard, and are getting ready to receive tourists.



BCET website (<https://bcet-palau.com/index.html>)

The Government of Palau, the Nippon Foundation, and the SPF would like to increase the number of states in Palau that participate in this initiative, and to disseminate and share information about this initiative with other PICs and the international community. So far, the project team have made presentations and shared information with the SPTO, UNESCO Pacific Office, State of Pohnpei in the FMS, Micronesia Conservation Trust, tourism authorities of Tuvalu, Fiji, Solomon Islands, Kiribati, etc., ICDF in Taiwan, Columbia University in the United States, and others.

In general, there is little need for large-scale infrastructure development in ecotourism. Thus, throughout interviews it was reaffirmed that there is a demand for small-scale infrastructure such as parkways, toilets, and boat piers. These infrastructures are small-scale, and there are not many of them. When survey teams are available to conduct field survey, we would like to investigate the needs of these small facilities and the organizations that implement and manage them in order to determine whether or not to form projects.

Desirable infrastructure improvements that can be considered in this project is the provision of safety facilities. For example, the installation of wooden paths and stairs in the mangrove forests, and the development of small boats (about 20 feet in size) and their mooring facilities with high safety standards. Most common requests from the local community are construction of toilets and hand washing facilities.

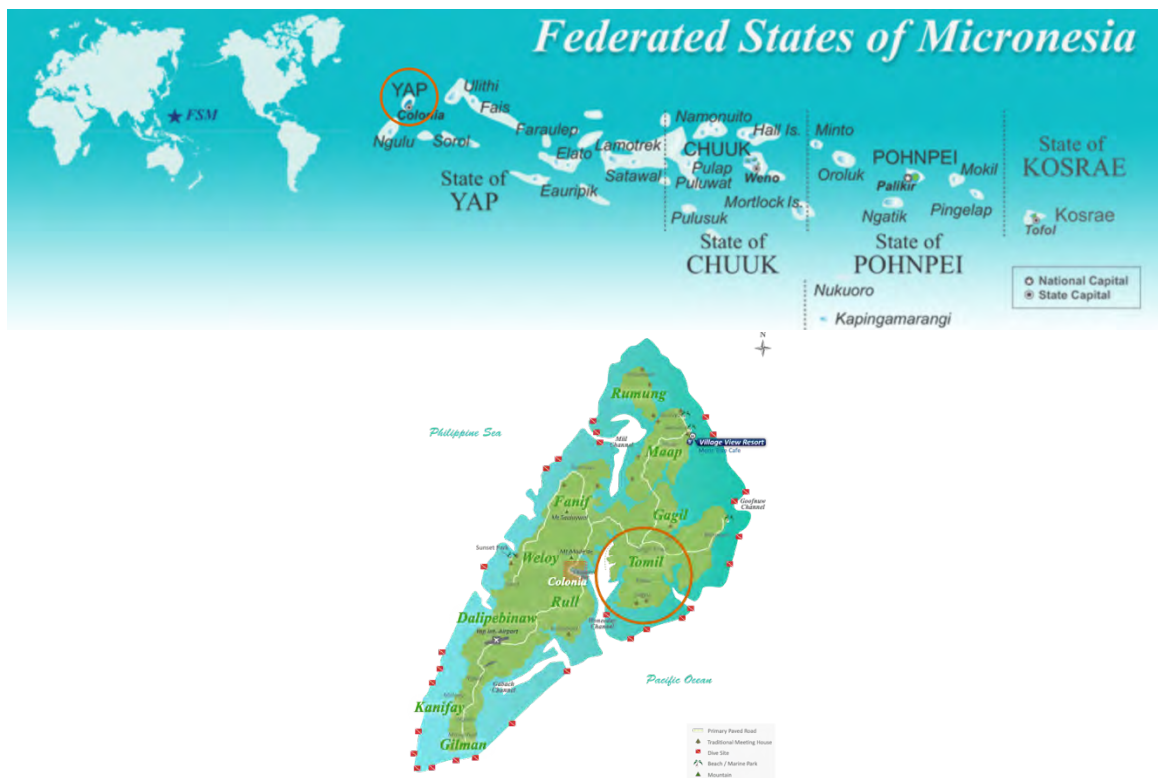


In general, ecotourism has little need for large-scale infrastructure. However, through the interviews with the project team, it was reconfirmed that there is a demand for small-scale infrastructure such as park roads, toilets, and boat piers.

## 5.2. Preparation of a roadmap for sustainable development in Yap Island

ECOPLUS is a Japanese non-profit organization that focuses on learning and experiencing nature, different cultures, and local communities. For more than 20 years, ECOPLUS has been implementing a program (World School) that connects children in the FSM's State of Yap with children around the world and has supported reciprocal visits between Yap Island and Japan to experience life and culture.

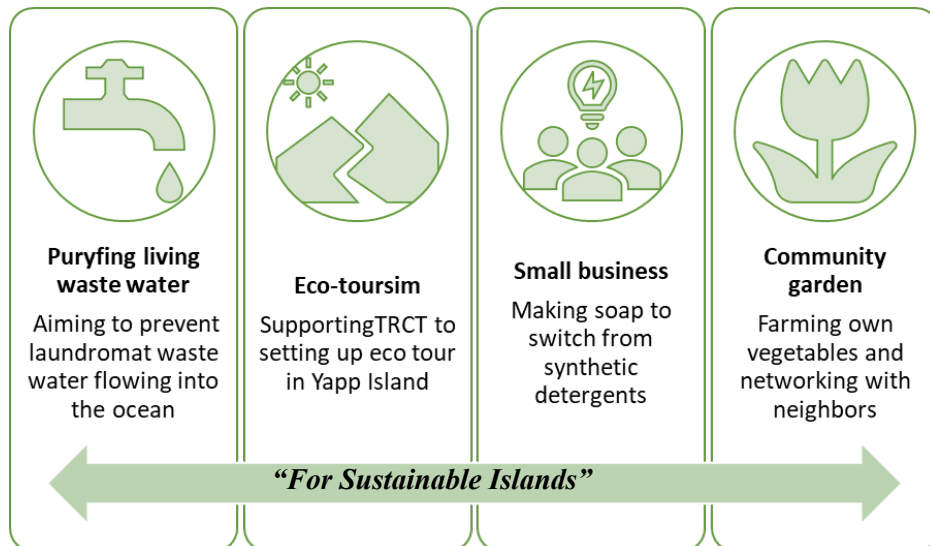
FSM has diverse cultures, especially in the State of Yap, where traditional lifestyles and performing arts such as communal work & rituals at meeting places, distribution of stone coins, and dances in village level have been inherited and are regarded as a tourism resource. On the Yap Island, infrastructure is weak and water resources are limited, which poses a challenge for large-scale tourism development. The ECOPLUS recognizes that ecotourism requires the local people to keep up with the “outside world” without losing their pride. The ECOPLUS and the community people are trying to introduce ecotourism by going back to the starting point of ecotourism, which is that tourism is learning for the people of the outside world who visit Yap Island.



Source: FSM Visitors Bord website (<http://www.visit-micronesia.fm/index.html>)

**Figure 5.5: Location of Tamil municipality in Yap Island**

In Phase 1 of the project, a domestic wastewater purification project (to prevent untreated synthetic detergent from flowing into the ocean) was implemented as a JICA grassroots technical cooperation project (a two-year project). Phase 2 consisted of components such as waste separation and collection, ecotourism, small business development (soap production with a view to switching from synthetic detergents), and community garden development, and was funded by Keidanren Nature Conservation Fund (KNCF). The year 2020 is the second year of Phase 2.



Source: Prepared by the survey team based on information from ECOPLUS  
**Figure 5.6: Component of the "A Roadmap for Sustainable Tamil" project**

**Village Walk & Dialogue For the sustainable future**

In Tamil, TRCT organizes "village walks" and community dialogues in order to re-identify what the village has as assets. Those can be used for the community in sustainable ways. Plotting the findings on a map will become foundation for the future.

ECOPLUS, TRCT and Yap State EPA jointly conduct a project to make a road map for "Sustainable Tamil." As its first step, three leaders from Yap visited Japan, for a study trip. The leaders gained some ideas such as waste water treatment, organic farming, eco-tourism and small businesses. A detailed report is available from TRCT.

**Discover and share your "Gems"**

1. Conduct a walk inviting elders and children.
2. Identify plants, animals, significant places.
3. Record those names, usages and stories.
4. Have a chat after the walk and draw a map.
5. Repeat the walk to get more information.
6. Discuss how to conserve/utilize the assets.

Tamil Resources Conservation Trust  
<http://trct.fm/>  
 (691)350-6980 email:TRCT@gmail.com

Printed with the support of Keidanren Nature Conservation Fund

Part of the ideas for the sustainable future through study trip in Japan

Source: Tamil Resources Conservation Trust  
**Figure 5.7: Introductory material of "Yap: The Sustainable Island"**

For the ecotourism project, ECOPLUS and the local community are considering a tour program that uses the village meeting place to host about four visitors per visit, who stay for about a week while being guided by the villagers. In the process of creating the tour program, ECOPLUS and the community people worked together to collect materials to be introduced to visitors while walking around the island, compiling maps, and creating guide materials (refer to Figure 5.7). In the process of gathering materials for the tour program, such as local myths and tourist resources, the community members were able to reconfirm the history and culture of the community. The ecotourism trial was scheduled to be implemented in 2020, due to the global spread of the new coronavirus, however, it has been postponed as of October 2020.

In FSM, each state separately has their constitution. The constitution of the State of Yap includes a fourth power that transcends the three powers (legislative, executive, and judicial): the traditional power of chieftaincy. In addition, all land is privately owned, even the inland waters of the lagoon have their own owners. In such a place where traditional culture still remains, the experience of developing tourism with the community as one of the activities to revitalize the community while building trust with the state, municipality, and the community is helpful in considering the development of tourism in PICs.

In order to promote future tourism development, it is necessary to improve circling roads in island (maintenance is not well performed), promotion on garbage separation, considering on a final disposal site, electronic power (sustainable energy is preferred, if possible), setting up septic tank in each house and, response to rising sea levels, however, preparation of funds is a challenge.

In Tamil District, households are taking water from water streams that are contaminated with detergents and wastewater from other households. ECOPLUS has put simple filtration systems as an emergency response to above situation. There are some areas with no sewage treatment system. ECOPLUS supports proper collection and disposal of waste, too. These environment pollution measures are important to protect tourism resources. When surveys in FMS become available, the survey team intends to identify the needs of the local people in addition to investigating the demand for tourism-related infrastructure.

In recent years, there have been proposals of major development (plan of expanding airport's runways, plan of large-scale port development) by Chinese enterprise and this debate has divided islands in two. If this development plans were to be implemented, it would give huge impact on shape of Yap Island.

## 6. Impact of Covid-19 on tourism and recovery plan

As of 12 November 2020, the number of COVID-19 cases in the 14 Pacific Island countries is 652<sup>1</sup> with 9 deaths<sup>2</sup>, and the direct damage caused by COVID-19 in the region is limited. Subsequently, on December 23, 2021, the number of COVID-19 cases in 14 Pacific Islands countries was 88,809<sup>3</sup> and the number of deaths was 1,287<sup>4</sup>.

Countries have taken strong quarantine measures to prevent the spread of the disease, and the disruption of air travel has had a significant impact on the tourism sector. This chapter summarizes the analysis of the impact of COVID-19 on tourism and the economy by UNWTO, IMF, ADB, the New Zealand government, and the Palau Tourism Board, as well as their support for the recovery of tourism.

### 6.1. UNWTO

#### 6.1.1. Analysis of the impact on tourism of COVID-19

According to the latest UNWTO's World Tourism Barometer (Volume 18, Issue 6, October 2020), the number of international tourists from January to August 2020 (overnight tourists) is about 70 percent lower than the same period in 2019. Table 6.1 shows that the number of international tourism visitors worldwide decreased by more than 90% from April to June 2020 compared to the same period in the previous year, but there was some recovery in July and August, with a decrease of around 80% from the same period in the previous year. However, Asia Pacific and Oceania, July and August were also down more than 95% from the previous year, which is even more challenging than the global average.

**Table 6.1: Changes in the number of international tourists in the world**

Region	No. of Visitors (million)		Percentage change from the same period last year (%)					
	2018	2019*	2020 YTD**	April	May	June	July	August
World	1,408	1,460	-70.1	-97.1	-96.6	-91.5	-80.5	-78.6
Asia & Pacific	347.7	360.1	-78.8	-97.8	-98.7	-98.2	-96.0	-95.7
Oceania	17.0	17.5	-68.8	-98.8	-99.2	-99.0	-98.9	-98.6

Note: \* Provisional values; \*\*Year to date (January to August, 2020)

Source: World Tourism Barometer (Volume 18, Issue 6, October 2020), UNWTO

Furthermore, looking at the trend in international visitor numbers for the PICs through August 2020 (Table 6.2), the year-over-year change through August 2020 has been more than 60% negative for many of the countries reported to UNWTO, and from April to August, the year-over-year change has been in the low 90s to 100% negative for the same period last year. Palau has not been receiving any tourists

<sup>1</sup> PNG 599, Fiji 35, Solomon Islands 16, Marshall Islands 1 and Vanuatu 1.

<sup>2</sup> PNG 7, Fiji 2.

<sup>3</sup> Fiji 52,706, PNG 36,059, Solomon Islands 20, Palau 8, Vanuatu 7, Marshall Islands 4, Samoa 3, FMS 1, and Tonga 1.

<sup>4</sup> Fiji 697, PNG 589, and Vanuatu 1. Information on number s of infected people and death is from Worldometer website (<https://www.worldometers.info/coronavirus/#countries>)

since April 2020 and is not receiving any tourists at all. Although Palau's international tourist numbers for January to August 2020 are reported to be minus 30 percent compared to the same period last year, Palau has not received any tourists since April 2020 and is considered to be in a similar situation as Samoa and Vanuatu.

**Table 6.2: Changes in the number of international tourists in major PICs**

Region/ country	No. of Visitors (thousand)		Percentage change from the same period last year (%)					
	2018	2019*	2020 YTD**	April	May	June	July	August
Oceania	17,048	17,462	-68.8	-98.8	-99.2	-99.0	-98.9	-98.6
American Samoa	20	NA						
Cook Islands	169	172	-80.4					
Fiji	870	894	-65.3	-99.1	-99.0	-99.5		
French Polynesia	216	237	-69.3	-100.0	-100.0	-100.0	-81.8	
Guam	1,549	1,667	-73.9	-98.7	098.8	-98.2	-99.0	-98.7
Kiribati	7	NA						
Marshall Islands	7	NA						
FSM	10	NA						
New Caledonia	120	130	-60.1	-99.4	-96.5	-95.1	-92.4	
Niue	NA	NA	-50.1***					
Northern Mariana Islands	518	487	-21.4					
Palau	106	94	-30.7					
Papua New Guinea	140	160						
Samoa	164	172	-82.0	-100.0	-100.0	-100.0	-100.0	-100.0
Solomon Islands	28	29	-32.2					
Tonga	54	NA						
Tuvalu	3	NA						
Vanuatu	116	121	-65.4	-100.0	-100.0	-100.0	-100.0	

Note: \* Provisional values; \*\*Year to date (January to August 2020); \*\*\* half year of 2020 Blank means no report to UNWTO  
Source: World Tourism Barometer (Volume 18, Issue 6, October 2020), UNWTO

Moreover, this World Tourism Barometer estimates that between January and August 2020, tourism revenue of \$730 billion was reduced as a result of 700 million fewer international tourists compared to the same period in 2019.

In response to these circumstances, “Policy Brief: COVID-19 and Transforming Tourism” which was released in August 2020, the UNWTO projected the following impacts on the COVID-19 tourism economy.

- The number of international tourists through 2020 will be 58% to 78% less than in 2019. As a result, tourism revenues will be between \$310 billion and \$570 billion, from \$1.5 trillion in 2019 (-79% to -62% decrease)
- Between 100 and 120 million direct tourism jobs will face an unemployment crisis. These vulnerable groups will be greatly affected because tourism employs a large number of small and medium-sized businesses and women, and the informal sector is also heavily involved.
- It has the impact of lowering the global GDP by 1.5% to 2.8%.
- Especially Island countries play an important role in the national economy, with tourism revenue

accounting for 30 to 80 percent of export earnings. This will have a significant impact on the island economies.

- Part of the benefits of tourism and the tourism industry are also used to conserve the natural environment and historical and cultural heritage. Damage to the tourism industry could have a negative impact on the conservation of the natural environment and historical and cultural heritage.

Based on above analysis, the recovery measures that UNWTO has taken to date are as follows.

### 6.1.2. Recommendations for action (April 2020)<sup>5</sup>

On April 1, 2020, UNWTO prepared a document called “Supporting Jobs and Economies through Travel and Tourism: A Call for Action to Mitigate the Socio-Economic Impact of COVID-19 and Accelerate Recovery” with the contribution of the Members of the Tourism Crisis Committee comprised of UNWTO, representatives of its Members States, the World Health Organization (WHO), the International Civil Aviation Organization (ICAO), the International Maritime Organization (IMO), and the private sector - the UNWTO Affiliate Members, Airports Council International (ACI), Cruise Lines International Association (CLIA), International Air Transport Association (IATA) and World Travel and Tourism Council (WTTC), aiming at the recovery of the tourism sector affected by the global pandemic of COVID-19. The document included the following 23 recommendations in three categories in Table 6.3.

**Table 6.3: Recommendations by UNWTO for recovery of tourism sector**

Category	Recommendation
I. Managing the Crisis & Mitigating the Impact	1. Incentivize job retention, sustain the self-employed and protect the most vulnerable groups
	2. Support companies' liquidity
	3. Review taxes, charges, levies and regulations impacting transport and tourism
	4. Ensure consumer protection and confidence
	5. Promote skills development, especially digital skills
	6. Include tourism in national, regional and global economic emergency packages
	7. Create crisis management mechanisms and strategies
II. Providing Stimulus & Accelerating Recover	8. Provide financial stimulus for tourism investment and operations
	9. Review taxes, charges and regulations impacting travel and tourism
	10. Advance travel facilitation
	11. Promote new jobs and skills development, particularly digital ones
	12. Mainstream environmental sustainability in stimulus and recovery packages
	13. Understand the market and act quickly to restore confidence and stimulate demand
	14. Boost marketing, events and meetings
	15. Invest in partnerships
	16. Mainstream tourism in national, regional and international recovery programmes and in Development Assistance

<sup>5</sup> [https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2020-04/COVID19\\_Recommendations\\_English\\_1.pdf](https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2020-04/COVID19_Recommendations_English_1.pdf)

Category	Recommendation
III. Preparing for Tomorrow	17. Diversify markets, products and services
	18. Invest in market intelligence systems and digital transformation
	19. Reinforce tourism governance at all levels
	20. Prepare for crisis, build resilience and ensure tourism is part of national emergency mechanism and systems
	21. Invest in human capital and talent development
	22. Place sustainable tourism firmly on the national agenda
	23. Transition to the circular economy and embrace the SDGs

Source: UNWTO: Supporting Jobs and Economies through Travel and Tourism: A Call for Action to Mitigate the Socio-Economic Impact of COVID-19 and Accelerate Recovery

The tourism sector can respond to the current emergency by making it available as a quarantine shelter for people, a dormitory for health care workers, and a medical facility itself. On the socio-economic aspect, a global recession is imminent, with the loss of millions of jobs. The labor-intensive tourism sector is the most affected of all industries. In particular, the most vulnerable groups, such as women, youth, and local communities, are affected.

Therefore, the tourism sector needs emergency assistance and specific mitigation packages, including maintaining employment (Category I) and strengthening of the capacity for recovering the markets after the emergency is lifted (Category II, III).

### 6.1.3. Tourism Recovery Technical Assistance Package (May 2020)<sup>6</sup>

Following the above “A Call for Action to Mitigate the Socio-Economic Impact of COVID-19 and Accelerate Recovery”, UNWTO launched the “Tourism Recovery Technical Assistance Package” technical assistance for the member states. The package includes the following contents in Table 6.4.

**Table 6.4: Standard composition of tourism recovery plan package by UNWTO**

Pillar	Contents
I. Economic Recovery	1. Measurement of the Impacts of COVID-19: Quantitative and Qualitative Analysis
	2. Development of Country-Specific Tourism Recovery Plans
	3. Support Programme for Tourism MSMEs
	4. Reorientation the Tourism Value Chain towards Sustainability
II. Marketing and Promotion	1. Growth Scenarios and Priority Markets Review
	2. International Tourism Marketing Strategy
	3. Domestic Tourism Marketing Strategy
	4. Marketing Strategy for Specific (Thematic or Regional) 5. Source Markets
	5. Tourism Diversification Strategy
	6. Digital Marketing Strategy
	7. Incentive Programmes to Stimulate Travel
III. Institutional Strengthening and Building Resilience	1. Building Resilience of Tourism Enterprises to Adapt to the COVID-19 Reality, including Safety and Hygiene
	2. Public-Private Partnership for Tourism Recovery
	3. Formulation of Crisis Communication Strategy
	4. Media Training for Key Players
	5. Capacity Building Programmes in Tourism Development and Management for Accelerating Recovery

<sup>6</sup> [https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2020-05/COVID-19-Tourism-Recovery-TA-Package\\_8%20May-2020.pdf](https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2020-05/COVID-19-Tourism-Recovery-TA-Package_8%20May-2020.pdf)

Pillar	Contents
	6. Developing/Updating National Tourism Human Capital Strategy
	7. Developing and Strengthening Destination Management Organizations (DMOs)
	8. Capacity Building for Local Communities to Develop and Promote Local Tourism Products
	9. Women Empowerment through Tourism
	10. Youth Employment Project in Tourism

Source: UNWTO: COVID-19 Tourism Recovery Technical Assistance Package

#### 6.1.4. UNWTO Global Guidelines to Restart Tourism (May 2020)<sup>7</sup>

On May 28, 2020, UNWTO formulated the “Global Guidelines to Restart Tourism” with the contribution of the Members of the Tourism Crisis Committee comprised of UNWTO, representatives of its Members States, the International Civil Aviation Organization (ICAO), the International Maritime Organization (IMO), the International Labor Organization (ILO), and the World Bank (WB), the private sector - the UNWTO Affiliate Members, Airports Council International (ACI), Cruise Lines International Association (CLIA), International Air Transport Association (IATA) and World Travel and Tourism Council (WTTC), and the Government of Spain.

The Guidelines include the following seven priority issues for restarting tourism.

- Provide liquidity and protect jobs.
- Recover confidence through safety and security.
- Public-private collaboration for an efficient reopening.
- Open borders with responsibility.
- Harmonize and coordinate protocols and procedures.
- Added value jobs through new technologies.
- Innovation and Sustainability as the new normal.

Besides, the Guidelines recommend the following items in eight categories depending on the scenes and business groups as shown in Table 6.5.

**Table 6.5: UNWTO’s Global Guidelines to Restart Tourism**

Fields	Contents
1. Safe and Seamless Border Management (air, sea and ground travel)	<ol style="list-style-type: none"> <li>1. Introduce and adapt border processes &amp; procedures in line with public health evidence-based risk assessment.</li> <li>2. Define roles and responsibilities for governments, private sector and travellers.</li> <li>3. Ensure regional and international coordination in the re-opening of borders.</li> <li>4. Revise regularly travel restriction &amp; protocols using best available information from leading international health authorities to ensure they remain proportionate to the public health threat and local risk assessment.</li> <li>5. Enhance the use of technology for safe, seamless and touchless travel.</li> <li>6. Provide reliable, consistent &amp; easy to access information on travel restrictions and protocols to the private sector and to travellers.</li> </ol>

<sup>7</sup> <https://www.unwto.org/news/unwto-launches-global-guidelines-to-restart-tourism>



Fields	Contents
	<ol style="list-style-type: none"> <li>7. Ensure coordination of relevant policies and measures among tourism, health, interior and transport authorities.</li> <li>8. Harmonize travel and tourism related health protocols and procedures at global level and work towards the international interoperability of visitors' tracing apps.</li> <li>9. Mitigate risks at departure and/or arrival</li> <li>10. Governments &amp; regional blocks to advance travel facilitation towards e-visa/visa on arrival/no visa policies and temporary visa cost exemption to stimulate demand.</li> </ol>
<p>2. Private Sector – Crosscutting Measures</p>	<ol style="list-style-type: none"> <li>1. Implement global and harmonized health, safety and hygiene protocols.</li> <li>2. Train the personnel in safety and security protocols as well as safe-service delivery.</li> <li>3. Communicate protocols and responsibilities to the customers, and keep them informed onsite and through digital and social media.</li> <li>4. Clean all surfaces more frequently, using products and disinfectants that meet requirements with special attention to high-touch surfaces.</li> <li>5. Set up plan in the event a guest or employee falls ill on site.</li> <li>6. Create an internal COVID-19 coordination committee to follow-up on implementation and execution of protocols and service delivery.</li> <li>7. Redesign processes towards more digital touchless operations in all possible touch-points.</li> <li>8. Keep record of statistical information for tourism planning and management in full coordination with local and national tourism and statistical authorities.</li> <li>9. Promote social dialogue and work to ensure the health and wellbeing of workers and the working environment (support employees in monitoring their health and adapt Human Resources policies).</li> <li>10. Engage in public/private sector dialogue and recovery mechanism.</li> </ol>
<p>3. Safe Air Travel</p>	<p><b>HYGIENE &amp; OPERATIONS</b></p> <ol style="list-style-type: none"> <li>1. Implement proportionate health check procedures as appropriate according to risk assessment.</li> <li>2. Deepen and increase the frequency of aircraft and cabin cleaning.</li> <li>3. Consider providing masks for passengers and crew and ensuring their use during the whole flight.</li> <li>4. Implement boarding and deplaning processes that reduce contact with other passengers or crew (use front and rear doors) in respect of physical distancing rules.</li> <li>5. Limit movement within the cabin during flight.</li> <li>6. Simplify catering and other procedures that lower crew movement and interaction with passengers.</li> <li>7. Facilitate people not sitting next to each other where load factors make it possible.</li> <li>8. Provide in-flight sanitizing tissues to passengers and crew members.</li> <li>9. Reduce the number of objects in the cabin (printed material and souvenirs) and limit hand luggage.</li> </ol> <p><b>PARTNERSHIPS</b></p> <ol style="list-style-type: none"> <li>10. Promote airport cost relief including government financial assistance.</li> <li>11. Ensure coordination with governments, airports and other relevant players as well as ICAO's processes, including national coordination mechanisms.</li> </ol>
<p>4. Hospitality</p>	<p><b>HYGIENE &amp; OPERATIONS</b></p> <ol style="list-style-type: none"> <li>1. Increase the frequency of cleaning in common areas and contact surfaces.</li> <li>2. Inform guests about existing protocols in an easy and updated manner (e.g. time of the last cleaning, contact of health manager, etc.).</li> <li>3. Explore new methods such electrostatic sprays, ultraviolet light, amongst others.</li> <li>4. Implement contactless check-in and provide guests with a hygiene welcome kit (including gloves, masks, sanitizer).</li> <li>5. Get to know more about your guest in advance to the arrival to provide a more personalized service.</li> <li>6. Keep spare rooms for possible sick or quarantine guests.</li> <li>7. Keep physical distancing for the use of all common spaces.</li> <li>8. Introduce technological systems such as "guest messaging" for direct and rapid contact with guests for reservations, refunds, cancellations or</li> </ol>

Fields	Contents
	<p>possible information about infections.</p> <p>9. Foster flexibility for operations.</p> <p>10. Create positions such as hygiene manager and guest guardian.</p> <p><b>PRODUCT AND MARKETING</b></p> <p>11. Add new services such as food delivery or take-away (picnic) service, family experiences, co-working spaces, drive &amp; stay packages, etc.</p> <p>12. Promote proximity and domestic tourism in the short-term enhancing the local value chain (e.g. local producers)</p> <p>13. Implement marketing campaigns to communicate corporate values and support to local providers and workers.</p> <p><b>PARTNERSHIPS</b></p> <p>14. Partner with health and safety brands and health providers.</p> <p>15. Generate alliances with health centres and providers.</p> <p>16. Partner with local providers, local destination management organizations and other players in the sector.</p>
5. Tour Operators & Travel Agencies	<p><b>HYGIENE &amp; OPERATIONS</b></p> <p>1. Facilitate international-voucher redeeming for local / domestic packages and products.</p> <p>2. Implement health and safety protocols &amp; promote digital communication.</p> <p><b>PRODUCT AND MARKETING</b></p> <p>3. Develop segmented and sustainable products focused on nature, rural areas and culture: eco-tourism, small group or individual sports, history, bird-watching tourism, traditional routes.</p> <p>4. Introduce storytelling for creating new tourism experiences.</p> <p>5. Create personalized and small group tours and packages.</p> <p>6. Incentivize domestic tourism, short trips and visits to nearby destinations in the short term.</p> <p>7. Promote rent-a-car services and combined hotel &amp; car packages.</p> <p><b>PARTNERSHIPS</b></p> <p>8. Create alliances with the financial sector to promote deferred tour packages at interest-free instalments.</p> <p>9. Increment accrual of miles and reinforce point-based loyalty reward systems for purchases of tour packages in alliance with airlines.</p> <p>10. Promote new destinations and experiences with added value and local inspiration namely with the creative industries to generate novelty in the market.</p> <p>11. Coordinate with insurance companies to offer complete or 100% coverage products.</p>
6. Meeting and Events	<p><b>HYGIENE &amp; OPERATIONS</b></p> <p>1. Offer packed meals (avoid buffet service or coffee breaks) with due respect for sustainability options.</p> <p>2. Develop specific meeting planners guides to restart operations</p> <p><b>PRODUCT AND MARKETING</b></p> <p>3. As a first step, create digital events with high-level speakers, technological innovation and relevant content.</p> <ul style="list-style-type: none"> <li>- Analyse the option to sell “tickets” to these events based on additional features such as B2B options.</li> <li>- Offer value added post-event services such as reports &amp; training.</li> <li>- Provide free access to certain parts of the events in order to obtain a base of social media followers.</li> </ul> <p>4. In a further stage, offer traditional mid-size events for the domestic market (according to local regulations and health protocols), particularly for specialized segments (e.g. medical, etc.)</p>
7. Attractions & Thematic Parks	<p><b>HYGIENE &amp; OPERATIONS</b></p> <p>1. Allow people to enjoy the facilities and encourage the use of masks/face coverings for guests and staff.</p> <p>2. Reduce touch areas where possible and sanitize high touch surfaces frequently.</p> <p>3. Protect employees with various approaches, including barriers, protective</p>

Fields	Contents
	<p>coverings, and distancing.</p> <ol style="list-style-type: none"> <li>4. Manage density of people within the facilities to keep people or family units and define protocols for the flow path of visitors and the use of common spaces.</li> <li>5. Reduce or manage capacity to allow for appropriate social distancing and monitor entrance and venue capacity at all times to ensure guests can maintain physical distancing within the space.</li> <li>6. Communicate protocols and responsibilities to the guests.</li> <li>7. Place signs or markings on the pavement to outline physical distancing guides/spaces.</li> <li>8. Encourage online payments and pre-bookings.</li> <li>9. Implement new technologies such as augmented reality or virtual reality to improve visitors' experience before, during and after a visit.</li> </ol>
<p>8. Destination Planning &amp; Management</p>	<ol style="list-style-type: none"> <li>1. Introduce and adapt actionable and harmonized processes &amp; procedures in line with public health evidence-based risk assessment and full coordination with relevant public and private sector partners.</li> <li>2. Support companies in the implementation and training of their staff on the new protocols (financing &amp; training).</li> <li>3. Enhance the use of technology for safe, seamless and touchless travel in your destination.</li> <li>4. Provide reliable, consistent &amp; easy to access information on protocols to the private sector and to travellers (send SMS to tourists to inform them of national and local health protocols and relevant health contacts).</li> <li>5. Create programmes and campaigns to incentive the domestic market in cooperation with the private sector (incentive schemes, possible revision of holiday dates, transport facilities, vouchers, etc) and integrate destinations.</li> <li>6. Promote new products &amp; experiences targeted at individual &amp; small groups travellers, like: special interest, nature, rural tourism, gastronomy &amp; wine, sports, etc.</li> <li>7. Consider the data privacy policies when there is a proposal of developing tracing apps. WHO will develop guidance on the use of digital technologies for contact tracing.</li> <li>8. Enhance and communicate medical capacity &amp; protocols at the destination (e.g., safety seals).</li> <li>9. Ensure coordination among tourism, health and transport policies.</li> <li>10. Define roles &amp; responsibilities for governments, private sector and travellers.</li> </ol>

Source: UNWTO Global Guidelines to Restart Tourism

#### 6.1.5. UNWTO Briefing Note – Tourism and COVID-19, Issue 1 (June 2020)<sup>8</sup>

The COVID-19 pandemic is having a major impact across world regions. Available data shows that international tourist arrivals have sharply decreased in the first quarter of 2020 (-22%), with possible scenarios for the year pointing to an annual decline of between 60% and 80% compared with 2019 figures.

Based on information and statistical data as of May 18, 2020, UNWTO prepared a Briefing Note summarizing how 220 countries and territories were trying to recover the tourism sector.

The key conclusion of the note is as shown below.

- Governments have responded quickly and strongly with the level and coverage of measures stepping up over time.

<sup>8</sup> <https://www.e-unwto.org/doi/pdf/10.18111/9789284421893>

- Most countries have adopted economy-wide stimulus packages (fiscal and monetary measures) along with job support measures.
- Across all regions, most measures currently in place aim at: (1) providing fiscal relief and financial support to SMEs and self-employed workers (prevent bankruptcy, ensure survival and address liquidity shortage) and (2) promote job retention and secure employment.
- Due to its labor-intensive nature, and as one of the hardest-hit sectors, tourism is at the center of such policies.
- As the situation evolves and recognizing the need to implement tourism specific measures, countries have begun to deploy measures targeting tourism directly, particularly in those countries where the sector plays a significant role in the national economy, not only contributing to GDP but also millions of jobs.
- During any crisis, governance is key, and, in some countries, public-private partnership models have been reinforced, and the role of committees and task forces enhanced with the participation of stakeholders across different levels of administration and private sector.
- Alongside these measures, since mid-May, a growing number of countries have announced measures to restart tourism, particularly safety protocols, and to promote domestic tourism.

The Briefing Note explains policy adaption of member states for financial supports, measures for maintaining jobs and developing capacities, marketing, a restart of tourism, promotion of domestic tourism, etc. by giving examples.

#### **6.1.6. UNWTO Briefing Note – Tourism and COVID-19, Issue 2 (June 2020)<sup>9</sup>**

UNWTO followed up and prepared the second issue of the note focusing on the Small Island Developing States (SIDS), where tourism is the main industry and vulnerable against COVID-19.

The key conclusion of the note is as shown below.

- Tourism is a socio-economic pillar of SIDS, and the COVID-19 crisis risks devastating their economies.
- Tourism accounts for over 30% of total exports in the majority of SIDS, reaching as much as 80% in some.
- International tourist arrivals declined by 47% in SIDS during January–April 2020, and the road to recovery is set to be long.
- Such a major shock translates into a massive loss of jobs, a sharp decline in foreign exchange, and tax revenues, which curbs public spending capacity and ability to deploy the measures

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<sup>9</sup> <https://www.e-unwto.org/doi/book/10.18111/9789284421916>

necessary to support livelihoods through the crisis.

- Women, who account for half of the workforce in almost all SIDS, and informal workers are, particularly at risk.
- Many SIDS have deployed measures to sustain businesses and jobs, often supported by international and regional institutions, yet more support is urgent.
- The external debt of the SIDS accounts for 72.4% of GDP on average and foreign reserves are generally low, with many SIDS possessing only the reserves sufficient for a few months of imports, according to the United Nations Conference on Trade and Development (UNCTAD).
- The United Nations Department of Economic and Social Affairs (UNDESA) estimates that SIDS economies could shrink by 4.7% in 2020 as compared to 3% for the world economy.
- SIDS requires thus an extraordinary international program to counter the devastating impact of COVID-19 on tourism, their economies, and livelihoods.

The Briefing Note issue 2 recommends that 38 SIDS analyze the tourism demand and the tourism sector in the economy, and formulate policies contributing to the mitigation of impact, acceleration of recovery, and strengthening of resilience.

#### **6.1.7. Tourism recovery tracker (September 2020)<sup>10</sup>**

On September 24, 2020, UNWTO launched a comprehensive tourism recovery tracker. The tracker compiles all the relevant data in one place, giving governments and the private businesses the ability to track the recovery of tourism at global and regional level, alongside information on the top destinations for international tourism. The tracker includes data on:

- International tourist arrivals,
- Seat capacity in international and domestic air routes,
- Air travel bookings,
- Hotel searches and bookings,
- Occupancy rates and
- Demand for short term rentals (car rentals).

The tracker is available for free and is a collaborative effort by a group of partners including the International Civil Aviation Organization (ICAO), ForwardKeys, STR, Sojern and AIRDNA.

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<sup>10</sup> <https://www.unwto.org/unwto-tourism-recovery-tracker>



Source: UNWTO (<https://www.unwto.org/unwto-tourism-recovery-tracker>)

**Figure 6.1: UNWTO Tourism Recovery Tracker**

## 6.2. International Monetary Fund

According to the “Pacific Islands Monitor Issue 13” published by the International Monetary Fund (IMF) in October 2020, GDP growth rate of PICs is estimated to be minus 5.5 %. This is 8.1% lower than the prediction before COVID-19 infection (October 2019). In particular, it is expected to experience a drop in GDP that has never been experienced before in Fiji, Palau, Vanuatu, Samoa, and Solomon Islands. IMF considers that recovery in tourism is not expected until the second half of 2021 and estimated another tough GDP growth forecast for 2021 for Palau, Tonga and Marshall Islands. (refer to Table 6.6).

**Table 6.6: GDP growth projections for PICs by IMF**

Region/ country	Results and latest forecasts (%)			Deviation from pre-pandemic economic projections (%)		
	2019	2020	2021	2019	2020	2021
Pacific Islands Countries	2.2	-5.5	1.4	-0.6	-8.1	-1.0
Fiji	-1.3	-21.0	11.5	-4.0	-24.0	8.3
Kiribati	2.3	-1.1	3.0	0.0	-3.4	0.9
Marshall Islands	5.3	-4.5	-0.9	2.9	-6.8	-2.9
FSM	1.2	-3.8	1.2	-0.2	-4.6	0.4
Nauru	1.0	0.7	1.3	-0.6	0.0	0.0
Palau	-1.8	-11.4	-7.4	-2.1	-13.2	-9.6
Papua New Guinea	4.9	-3.3	1.2	-0.1	-5.8	-1.3
Samoa	3.5	-5.0	-1.5	0.2	-9.4	-3.7
Solomon Islands	1.2	-5.0	4.5	-1.5	-7.9	1.8
Tonga	0.7	-2.5	-3.5	-2.8	-6.2	-6.4
Tuvalu	6.0	-0.5	3.0	1.9	-4.9	-1.3
Vanuatu	3.3	-8.3	4.3	-0.5	-11.4	1.5

Note: Cook Islands and Niue are not included in the Pacific Islands as defined by IMF.

Source: Pacific Islands Monitor Issue 13 October 2020, IMF

As a result, many PICs are projecting worsening current account and government fiscal balances in 2020 and 2021. These worsening balances indicate that there is not enough money for investment in each country, which could be an impediment to medium- and long-term economic growth.

**Table 6.7: Current account and government fiscal balance projections for PICs by IMF**

Country	Current account balance (as a percentage of GDP, %)			Government fiscal balance (as a percentage of GDP, %)		
	2019	2020*	2021*	2019	2020*	2021*
Fiji	-12.9	-15.3	-12.1	-5.1	-19.2	-9.0
Kiribati	32.0	-1.6	2.8	15.0	-13.2	-9.5
Marshal Islands	8.0	-1.6	1.2	0.3	-3.5	2.3
FSM	16.0	1.6	3.5	16.4	-1.7	4.5
Nauru	10.5	4.2	3.4	20.8	31.5	13.2
Palau	-26.6	-32.7	-35.4	0.3	-6.4	-12.3
Papua New Guinea	22.2	14.7	18.9	-5.0	-6.3	-5.4
Samoa	2.3	-7.1	-7.0	2.7	-7.3	-9.8
Solomon Islands	-9.6	-11.3	-16.4	-1.7	-5.6	-4.9
Tonga	-4.8	-4.6	-17.5	3.2	5.1	-4.5
Tuvalu	12.4	17.0	-11.0	-8.6	-12.3	-10.3
Vanuatu	13.1	-0.3	-1.6	4.6	-7.6	-5.5
平均	5.2	-2.8	-5.9	3.6	-3.9	-4.3

Note: Cook Islands and Niue are not included in the Pacific Islands as defined by IMF.

Source: Pacific Islands Monitor Issue 13 October 2020, IMF

### 6.3. Asian Development Bank

#### 6.3.1. Analysis of Pacific economies as of July 2020

Asian Development Bank (ADB) releases the “Pacific Economic Monitor”, a socio-economic development report for 14 PICs for every six months. The latest version was released in July 2020 and detailed analysis of the economic situation of each country with GDP growth, inflation, and government fiscal balance in terms of the impact of COVID-19, and policy recommendations are made.

Table 6.8 shows the projected GDP growth and government fiscal balance for the 14 countries supported by the ADB. Although the figures are not exactly same as the IMF, the overall trend is similar. In terms of GDP growth, only Fiji and Palau had negative growth. However, in 2020 all countries except Kiribati and Tuvalu will have negative growth, and many countries' GDP growth rates will remain negative in 2021. Especially, Cook Islands and Palau, which depend on tourism, have a larger negative range.

**Table 6.8: GDP growth projections and government fiscal balance projection for PICs by ADB**

Country	GDP growth rate (%)			Government fiscal balance (as a percentage of GDP, %)		
	2019e	2020p	2021p	2019e	2020p	2021p
Cook Islands	5.3	-9.0	-15.4	5.0	-5.0	-33.1
FSM	3.0	-2.0	-1.5	16.5	1.4	-4.5
Fiji	-1.3	-15.0	-0.7	-3.6	-8.2	-20.2
Kiribati	2.4	0.6	1.8	-8.0	-9.9	-4.2
Marshal Islands	3.8	-5.5	-1.4	-2.0	-2.0	-4.8
Nauru	1.0	-1.7	0.8	16.0	9.4	4.3
Niue	NA	NA	NA	NA	NA	NA
Palau	-1.8	-9.5	-12.8	0.3	-12.2	-23.8
Papua New Guinea	4.8	-1.5	2.9	-4.9	-7.6	-4.3
Samoa	3.5	-5.0	-2.0	2.7	-7.3	-9.9
Solomon Islands	1.2	-6.0	2.5	-1.7	-6.0	-4.8
Tonga	3.0	-3.0	-4.0	2.9	-1.4	-5.4
Tuvalu	4.1	2.0	2.5	-9.8	-28.6	-7.9
Vanuatu	2.9	-9.8	2.0	6.8	-8.0	-4.1

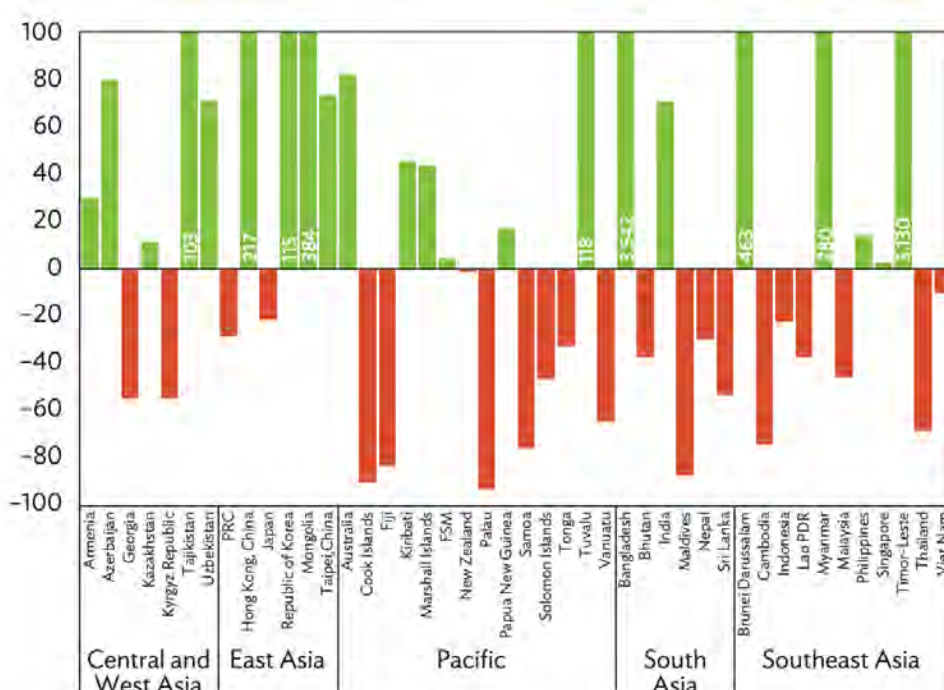
Note: e=estimation; p=projection

Source: Pacific Economic Monitor July 2020, ADB

In terms of government fiscal balance as a percentage of GDP, by 2020, all countries except FSM and Nauru will have negative figure, with double-digit declines in Tuvalu and Palau. By 2021, government fiscal balance as a percentage of GDP will be negative in Cook Islands, FSM, Fiji, Marshall Islands, Palau Samoa, and Tonga. The GDP ratio is expected to deteriorate further.

### 6.3.2. Domestic tourism promotion and analysis on tourism bubble

“Navigating COVID-19 in Asia and the Pacific” which released by ADB in September 2020, summarizes the economic and social impacts of COVID-19 in Asia and the Pacific, as well as recommendations for recovery. Chapter 8 "Rebooting Asian in the Times of COVID-19," analyzes the possibility of two strategies (promotion of domestic tourism and a travel bubble) in the Asia Pacific region as scenarios for the recovery of the tourism sector.



FSM = Federated States of Micronesia, Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

Note: These are the ratios of the difference between outbound and inbound tourists with respect to inbound tourists. Using data from 2018 tourist arrivals, a value of zero suggests an economy's domestic tourists are sufficient to compensate for international tourist arrivals. Economies with green bars indicate the potential of domestic tourism is higher than the gap left by the absence of international tourists. Economies including Bangladesh; Brunei Darussalam; Hong Kong, China; Mongolia; Myanmar; the Republic of Korea; Tajikistan; Timor-Leste; and Tuvalu have values that surpass 100%, suggesting these economies' domestic tourists were more than double their international tourists in 2018.

Economies with red bars indicate a gap in arrivals even with mobilization of domestic tourists. Source: Asian Development Bank calculations based on United Nations World Tourism Organization statistical database (accessed 13 June 2020).

Source: NAVIGATING COVID-19 IN ASIA AND THE PACIFIC, 2020, ADB

**Figure 6.2: Increase or decrease in the number of tourists under the assumption that international travelers have changed their destination to domestic**

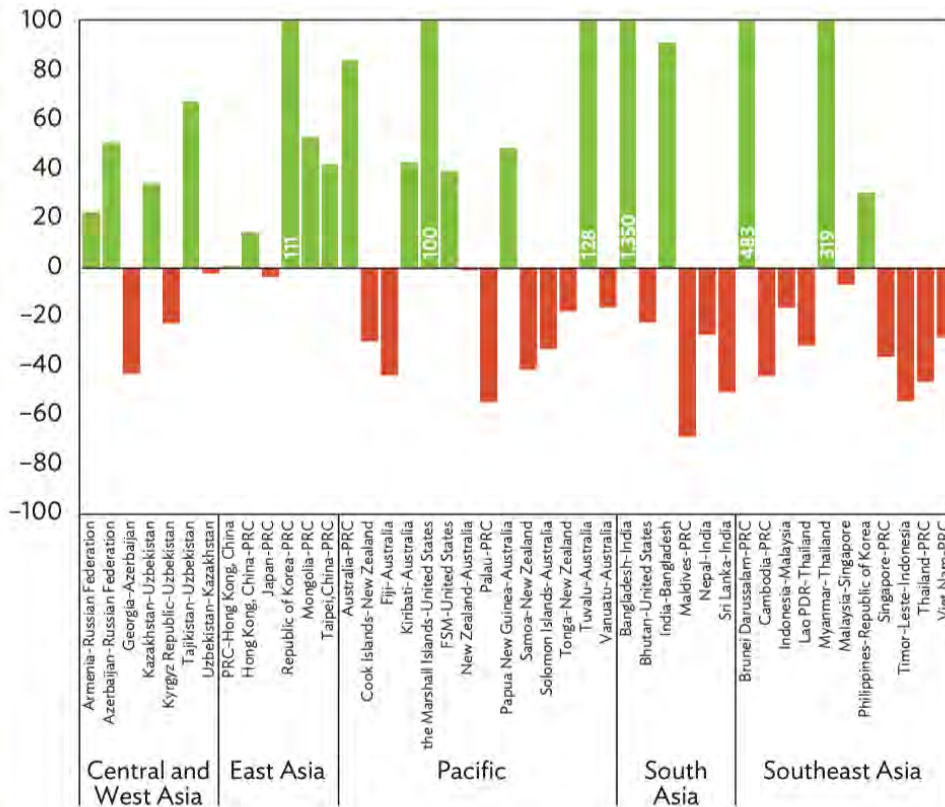
Figure 6.2 shows the number of tourists under the assumption that international travelers have changed



their destination to domestic (the number of tourists is based on 2018). For example, in East Asia, countries/regions other than China and Japan (Hong Kong, South Korea, Mongolia, and Taiwan) can cover the lost while foreign tourists do not visit because the number of their own citizens going abroad (the number of outbound tourists) exceeds the number of incoming foreign tourists (the number of inbound tourists).

However, in PICs, there are significant negative figures for all countries except Kiribati, Marshall Islands, FSM, PNG, and Tuvalu. This is because the number of inbound tourists in the PICs greatly exceeds the number of outbound tourists.

In order to improve above situation where the number of inbound visitors greatly exceeds the number of outbound travelers, the report examines the case of introducing the travel bubble. Travel bubble is a mechanism to facilitate human movement by mitigating or eliminating quarantine measures between two countries or between other countries. This report analyzes the effects of two types of travel bubbles.



FSM = Federated States of Micronesia, Lao PDR = Lao People’s Democratic Republic, PRC = People’s Republic of China.

Notes:

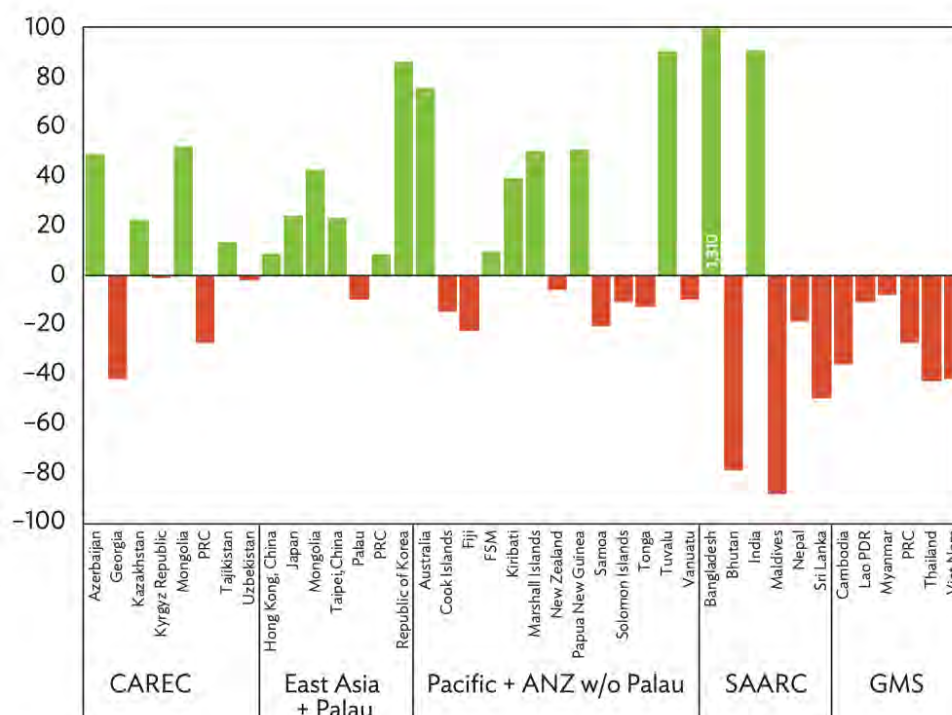
- Using 2018 data, we assumed that domestic tourists which would otherwise leave the economy will stay at home in this scenario. We then get the difference between international tourist arrivals, and the sum of inbound tourists from the economy’s preferred partner and its own domestic tourists. We then divide this figure with the total international tourist arrivals to get this ratio.
- The green bars indicate by how much the combined domestic tourists from an economy and its preferred partner would surpass the number of international tourists. Some economies and their preferred partner including Bangladesh, Brunei Darussalam, the Marshall Islands, the Republic of Korea, Tuvalu, and Myanmar have values that surpass 100% which suggests that their combined tourists are more than double their 2018 international tourist arrivals. Economies with red bars indicate a gap in arrivals even with mobilization of domestic tourists and arrivals from their preferred partner.
- Arrival data for 2017 was used for the Marshall Islands, Tonga, and Tuvalu, while 2016 and 2014 was used for FSM and Bangladesh, respectively. There was no arrival data available for Afghanistan, Pakistan, Turkmenistan, and Tuvalu for any year.

Source: Asian Development Bank calculations based on United Nations World Tourism Organization statistical database (accessed 13 June 2020).

Source: NAVIGATING COVID-19 IN ASIA AND THE PACIFIC, 2020, ADB

**Figure 6.3: Increase or decrease in the number of tourists under the assumption of travel bubble formation between the two countries**

Figure 6.3 shows increase or decrease in the number of tourists under the assumption of travel bubble formation between the two countries. For example, by conducting agreement between Fiji and Australia, Fiji’s tourist numbers will decrease from a negative 84% (Figure 6.2) to a negative 44% (Figure 6.3). Also, if, agreements are introduced among Palau and China, Samoa and New Zealand, Solomon Islands and Australia, the number of tourists remains negative compared to the 2018 results, but the negative range is smaller.



ANZ=Australia New Zealand, CAREC=Central Asia Regional Economic Cooperation, FSM = Federated States of Micronesia, GMS=Greater Mekong Subregion, Lao PDR = Lao People’s Democratic Republic, PRC = People’s Republic of China, SAARC=South Asian Association for Regional Cooperation. Note: For this scenario, we used data from 2018 and assumed that the tourists will be able to move freely within their respective bubbles. Tourists who went to a destination outside the bubble were assumed to stay at home. We subtract the number of tourists who stayed at home and those who arrived from the total number of international tourists. We then get the proportion of this figure with respect to the number of international tourist arrivals. Arrival data for 2017 was used for the Marshall Islands, Tonga, and Tuvalu, while 2016 and 2014 was used for FSM and Bangladesh, respectively. There was no arrival data available for Afghanistan, Pakistan, Turkmenistan, and Tuvalu for any year.

Source: Asian Development Bank calculations based on United Nations World Tourism Organization statistical database (accessed 13 June 2020).

Source: NAVIGATING COVID-19 IN ASIA AND THE PACIFIC, 2020, ADB

**Figure 6.4: Increase or decrease in the number of tourists under the assumption of travel bubble formation between regions**

Figure 6.4 shows increase or decrease in the number of tourists when a multilateral travel bubble is formed within an interregional framework at the sub-regional level in the Asia Pacific region. PICs are assumed to form travel bubbles with Australia and New Zealand, while only Palau is assumed to form a travel bubble with East Asia. In this analysis, Palau’s travel bubble will decrease significantly by about -10%. In addition, Cook Islands, Samoa, Solomon Islands also show a negative degree of tourist numbers, but to a greater extent than the travel bubble between the two countries (Figure 6.3).

As of November 2020, the promotion of domestic tourism is touted as the first step in the global tourism sector affected by COVID-19, and efforts have begun in many countries. However, due to the small population size of the PICs, the effect of domestic tourism promotion is limited. On the other hand, it has been suggested that the bilateral tourism bubble with countries that originally received a large

number of tourists in the PICs, as well as the bilateral tourism bubble with other countries, may have a certain effect.

#### 6.4. Government of New Zealand

Ministry of Foreign Affairs and Trade (MFAT) of New Zealand offers SPTO recovery assistance called “Pacific Tourism: COVID-19 Impact & Recovery”. As of June 2020, MFAT concluded the analysis of the current situation as the first phase and was formulating the scenario as the second phase, as well as the recovery pathway as the third phase.

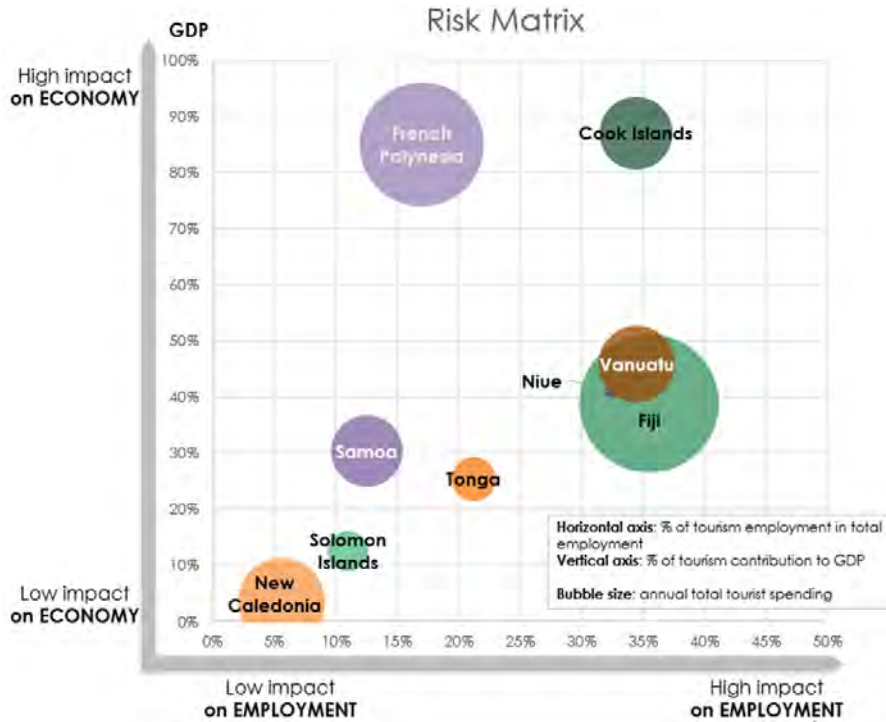
**Table 6.9: Scope of Pacific Tourism: COVID-19 Impact & Recovery**

<b>Phase 1: Situation Analysis</b>	To identify the impact of COVID-19 on the tourism sectors of the focus countries: Cook Islands, Tonga, Niue, Samoa, Solomon Islands and Vanuatu – based on a pre-virus baseline assessment and the immediate and projected evolving situation. Under the tourism sector overall and by sub-sector category (accommodation, transport, activities and experiences) and then extended to include an overview of secondary downstream impacts and implications for associated sectors (including but not limited to food service, agriculture, retail).
<b>Phase 1A: Tourism Sector Quick Scan</b>	<ul style="list-style-type: none"> <li>- Assess immediate impact of the COVID-19 situation: what is happening now?</li> <li>- An immediate situation analysis and estimate of impact by country, sector within country.</li> <li>- Identify immediate/ critical key risks, key immediate needs and opportunity to mitigate risk.</li> <li>- Identify prioritised opportunity and focus to enable future sector recovery.</li> </ul>
<b>Phase 1B: Tourism Sector Status Analysis</b>	<ul style="list-style-type: none"> <li>- Develop a more thorough understanding of the situation, risks, needs through primary (talking to key people in each market and the region) and secondary data collection (tourism and economic data).</li> <li>- High level overview of tourism pre-COVID-19 contribution to national economies and the current and estimated impact.</li> <li>- Understand in more depth risk, mitigation and situation opportunity. This will then enable the development of informed scenarios to be developed and engage key regional and in-country stakeholders.</li> </ul>
<b>Phase 2: Scenario Development</b>	<p>Identify a set of possible tourism economic impact scenarios in selected Pacific destinations as a result to COVID-19-related travel pattern changes.</p> <ul style="list-style-type: none"> <li>- Immediate: a short-term impact and response phase</li> <li>- Scenario 1: Significant: Mid-term impact and significant recovery period.</li> <li>- Scenario 2: Severe: long-term impact</li> <li>- Scenario 3: Major: a severe, major economic downturn and an extended period before recovery.</li> </ul>
<b>Phase 3: Recovery Pathways</b>	<p>Identify immediate needs and alternative support options for the mid and long-term that will facilitate sector, economic and social recovery.</p> <ul style="list-style-type: none"> <li>- What support options are there to retain tourism sector capability, employment, infrastructure and underpin business and sector readiness to rebuild and enable reactivation.</li> <li>- What support options within and outside the tourism sector might be practical, across whole of government activity, financial institution support, and in downstream subsectors and supply chains.</li> </ul>

Source: Pacific Tourism: COVID-19 Impact & Recovery: Sector Status Report: Phase 1B

##### 6.4.1. Phase 1: Situation analysis

In the analysis of the current situation of the first phase, MFAT conducted a quick scan of the tourism sector and a status analysis of the tourism sector targeted for seven countries, including the Cook Islands, Niue, Tonga, Samoa, Solomon Islands, Vanuatu, and Fiji.



Source: Pacific Tourism: COVID-19 Impact & Recovery: Sector Status Report: Phase 1B  
**Figure 6.5: Risk matrix of the tourism sector of PICs**

MFAT assumed that the countries with a greater share of tourism in GDP get a greater impact of COVID-19. MFAT compared the numbers of inbound tourists, employment, and receipts among seven countries. MFAT also summarized the responses against COVID-19 in each country.



Source: Pacific Tourism: COVID-19 Impact & Recovery: Sector Status Report: Phase 1B  
**Figure 6.6: Comparison of tourism indicators among seven Pacific countries**



### 6.4.2. Phase 2: Scenario Development

In the second phase, MFAT proposed three future scenarios.

**Table 6.10: Future scenarios**

Scenario	Period needed and impact	Contents
Scenario 1: Babble	Early: 3-9 months Significant impact	- Relatively early restart and sector largely intact. - Potentially strong demand from NZ and AUS travelers.
Scenario 2: Passport	Medium: 9-18 months Substantial impact	- Later restart with loss of skills and infrastructure(supply). - Less certain demand and potentially a wider global competitive environment with limited global airline connectivity.
Scenario 3: Resolution	Late: 18-24 months Severe impact	- Long term delay in the restart, substantial loss of skills and infrastructure(supply). - Strategic sector refocus required to match supply with revised target travelers. Globally competitive tourism market. Potential slow rebuild.

Source: Pacific Tourism: COVID-19 Impact & Recovery: Scenario development and recovery pathways: Report



Source: Pacific Tourism: COVID-19 Impact & Recovery: Scenario development and recovery pathways: Report

**Figure 6.7: Scenario and response bring outcome**

MFAT believes that studying scenarios would help Pacific countries to develop plans enabling quick responses to changing circumstances. In addition, MFAT thought that results could be expected by taking measures according to the scenario.

### 6.4.3. Phase 3: Recovery pathway

MFAT deems a number of factors requiring to be in place to enable tourism sector reactivation and recovery.

**Table 6.11: Six factors for recovery pathway**

Factor	Market	Travelers	Contents
1. Status	COVID-19 Health and safety status and systems	Safety & Assurance	Local, regional and global health status and systems.
2. Policy	Health policy, compliance transparency, reporting communication systems Border and travel policy	Freedom to Travel	Policy of countries around border opening, health status and policy.
3. Propensity	Propensity to travel (Demand) Willingness to have travellers (Supply)	Confidence & Desire	The propensity of travellers to travel and the willingness of host countries, communities and the tourism sector to open will impact demand.
4. Connectivity	Aviation infrastructure in place Airline operational, viable, competitive situation Route availability and frequency	Access to Flights	Connectivity is critical for the Pacific Tourism sector recovery. Supply of seats, frequency of flights and pricing can be a driver or barrier if not in place.
5. Availability	Core and extended product available: Accommodation, experience, transport, F&B, cultural	Supply of Products	Availability of in market tourism product will impact willingness to travel and overall traveller satisfaction.

Factor	Market	Travelers	Contents
6. Activation & Enablement	Building awareness, consideration and purchase Marketing and activation programmes	Connection to Demand	Marketing reactivation programmes.

Source: Pacific Tourism: COVID-19 Impact & Recovery: Scenario development and recovery pathways: Report

MFAT also presents six themes at the Pacific region level and eleven themes at state and provincial levels, according to three stages of recovery, response, and endurance.

**Table 6.12: Tourism recovery plan for the Pacific by New Zealand (Pacific region level)**

Stage	Theme	Contents
Recovery	Protecting Core	1. Invest in partnerships & develop platforms for collaboration: multi-lateral forums policy and organisations across tourism, aviation, health and targeted digital education.
	Health & Safety Systems	2. Advance aligned travel facilitation – systems and health and security policy.
	Skills & Capability Development	3. Invest in market intelligence platforms and insight to inform decision-making. 4. Promote skills development, especially digital skills. 5. Advance informed and enabled leadership at all levels.
Response	Targeted & Timely Activation	6. Understand the market and act quickly to restore confidence and stimulate demand. Understand the Pacific aligned activation opportunity and optimised and differentiated country platforms. 7. Boost marketing, including digital, direct, aligned. 8. Mainstream tourism in national, and international recovery programmes and in Development Assistance.
Endurance	Regional Partnership	9. Invest in market intelligence systems and digital transformation. 10. Invest in human capital and talent development regionally. 11. Invest in multilateral partnerships: regional forums (policy) and organisations (operational) as platforms to build regional and local sustainability and growth.
	Building Sustainable Futures	12. Reinforce tourism governance at all levels. 13. Prepare for crisis, build resilience and ensure tourism is part of national emergency mechanism and systems. 14. Place sustainable tourism firmly on the regional agenda – (Host community, economic, visitor, environmental). 15. Transition to the circular economy and embrace the SDGs.

Source: Pacific Tourism: COVID-19 Impact & Recovery: Scenario development and recovery pathways: Report

**Table 6.13: Tourism recovery plan for the Pacific by New Zealand (State and provincial levels)**

Stage	Theme	Contents
Recovery	Protecting Core	1. Incentivize job retention, sustain the self-employed and protect the most vulnerable groups. 2. Support companies' liquidity. 3. Review taxes, charges, levies and regulations impacting transport and tourism – offer temporary suspension or reduction. 4. Include tourism in national, regional and global economic emergency packages. 5. Create crisis management mechanisms and strategies.
	Health & Safety Systems	6. Health safety, monitoring & response systems and assurance programmes reporting and communication.
	Skills & Capability Development	7. Promote skills development, especially digital skills. 8. Advance informed and enabled leadership at all levels
	Maintain Connectivity	9. Maintain minimum air connectivity supporting freight, passenger capacity and to maintain airline sector infrastructure reporting and communication.
Response	Protect & Building the Core	10. Provide financial stimulus for tourism investment and operations. 11. Review taxes, charges and regulations impacting travel and tourism. 12. Mainstream sustainability in stimulus and recovery packages (Host community, economic, visitor, environmental).

Stage	Theme	Contents
		13. Invest in partnerships & develop platforms for collaboration <ul style="list-style-type: none"> <li>- Create aligned tourism recovery and planning at all levels – regional. Local, international.</li> <li>- Set a common plan of action with clear objectives, an inclusive approach and common initiatives where relevant.</li> <li>- Promote digital platforms to monitor, promote and co-invest.</li> </ul>
	Skills Development	14. Promote new jobs and skills development, particularly digital ones.
	Accelerate Connectivity	15. Work with airlines to optimise supply response to demand.
	Proposition & Targeting	16. Understand the market and act quickly to restore confidence and stimulate demand via focused messaging and experience solutions. <ul style="list-style-type: none"> <li>- Clearly defined competitive propositions WHY.</li> <li>- Product and experience availability (may include pricing).</li> </ul>
	Targeted & Timely Activation	17. Advance travel facilitation – travel policy 18. Ensure consumer protection and confidence to boost/encourage future travel. 19. Boost marketing
Endurance	Regional Partnership	20. Develop and build regional tourism governance and strength
	Building Sustainable Futures	21. Invest in market intelligence systems and digital transformation 22. Invest in regional dispersal enablers, initiatives and strategies. Spreading demand peaks. 23. Diversify markets, products and services with focus. 24. Prepare for crisis, build resilience and ensure tourism is part of national emergency mechanism and systems. 25. Invest in human capital and talent development. 26. Place sustainable tourism firmly on the regional and national agenda. 27. Transition to the circular economy and embrace the SDGs.

Source: Pacific Tourism: COVID-19 Impact & Recovery: Scenario development and recovery pathways: Report

Compared to the COVID-19 measures provided by UNWTO, the recovery plan support by the New Zealand Government seems less clear. Although MFAT respects UNWTO Global Guidelines, MFAT probably intends to include Pacific island countries into the Travel Babble policy of New Zealand and Australia in consideration of the mutually isolated characteristics of SIDS.

## 6.5. Palau Visitors Authority

In July 2020, the Palau Visitors Authority conducted a survey of 98 tourism-related private sector companies (accommodations, restaurants, tour operators, retailers, etc.) to understand the impact of the border blockade and lockdown caused by the spread of COVID-19 on the tourism industry. The results can be summarized as follows.

- As of July 2020, 14% were open for business as usual, 43% were open with reduced hours, 40% were temporarily closed, and 3% were closed.
- When asked how long they could endure without the return of tourists, 35% said within 3 months (October), 35% said 6 months (January 2021), and 24% said 1 year (July 2021).
- As for actions taken in response to the loss of tourists, 29% reduced working hours, 20% implemented layoffs, 19% reduced salaries, and 11% diversified products and services.
- When asked for their opinion on when they would be ready to accept tourists again, 12% said now (July 2020), 31% said by the end of 2020, 7% said by the beginning of 2021, and 23% said



until the vaccine is available.

- When asked about the resumption of accepting tourists from low-risk infected countries such as Taiwan, 80% were in favor and 17% were against.
- When asked about the resumption of accepting tourists from high-risk infected countries such as Europe, Guam, and the United States, 15% were in favor, 25% were in favor if there were clear procedures such as inspections at the point of entry, and 54% were against.
- Ninety-seven percent of the respondents said they would be willing to do so if guidelines and protocols for COVID-19 control were introduced.

## **PART 2: Tourism development direction for Palau**



# 1. Challenges and potentials of the tourism sector

This chapter identifies the potentials and challenges of the tourism sector of Palau by analyzing data and information of the sector, which are compiled into Part 1 of this report. Most data and information to be analyzed is collected before the global spread of COVID-19.

## 1.1. SWOT analysis of Palau's tourism sector

Table 1.1 summarizes the strengths, weaknesses, opportunities, and threats of the tourism sector in Palau. The following sections will discuss these characteristics.

**Table 1.1: SWOT Analysis of the Tourism Sector in Palau**

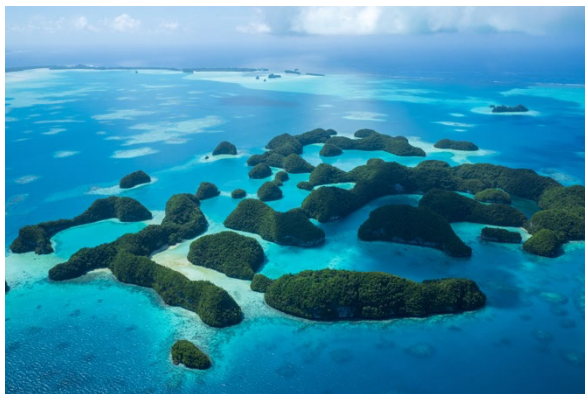
Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Abundant marine tourism resources and tourism products (diving and Rock Island tours)</li> <li>- Accumulation of tourism industry (accommodation facilities, tour companies, diving companies)</li> </ul>	<ul style="list-style-type: none"> <li>- Declining trend in international tourists since 2016</li> <li>- High cost of access from major markets (Japan, Taiwan, Korea, and the US)</li> <li>- Revenue per tourist is not necessarily higher than in advanced Pacific Islands countries</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Existence of onshore tourism resources: nature, history, culture, and people's daily life</li> <li>- Progress in infrastructure development projects: new airport terminal, submarine cables, Compact Road, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Damage to tourism resources due to tourist congestion</li> </ul>

Source: Study team

## 1.2. Strengths

### 1.2.1. Abundant marine tourism resources and tourism products

Palau is one of the Pacific Islands countries with abundant marine resources, which are being developed as a tourism product. The sea area around Palau is rich in coral reefs and marine life and has a unique topography formed by the erosion of limestone rocks, as typified by the Rock Islands. The area surrounded by the blue line of Figure 1.1 (100,200 hectares, 445 islands) of Koror State is registered as a World Heritage site as "Rock Islands and Southern Lagoon.



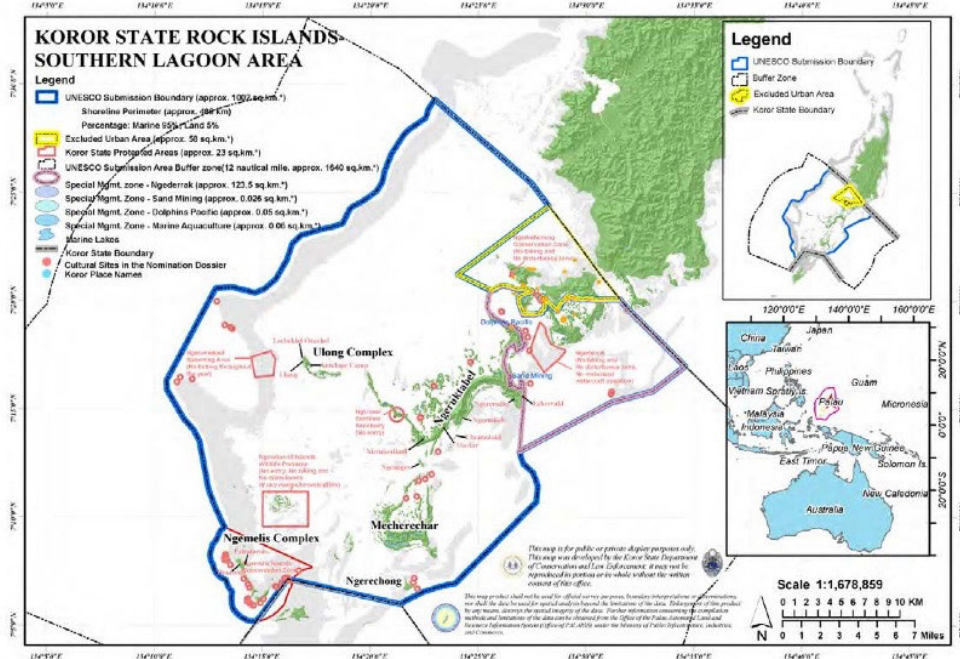
Seventy Islands<sup>1</sup>



Kayaking in Rock Island

<sup>1</sup> This photo was taken with cooperation of Smile Air ([www.smile-air.com](http://www.smile-air.com)), a scenic flight service provider in Palau.

The development of world-renowned dive sites such as Blue Corner and German Channel, as well as boat tours that include snorkeling and kayaking at Jellyfish Lake in Rock Island, Long Beach, and Milky Way, with stops at remote islands, have become popular products.



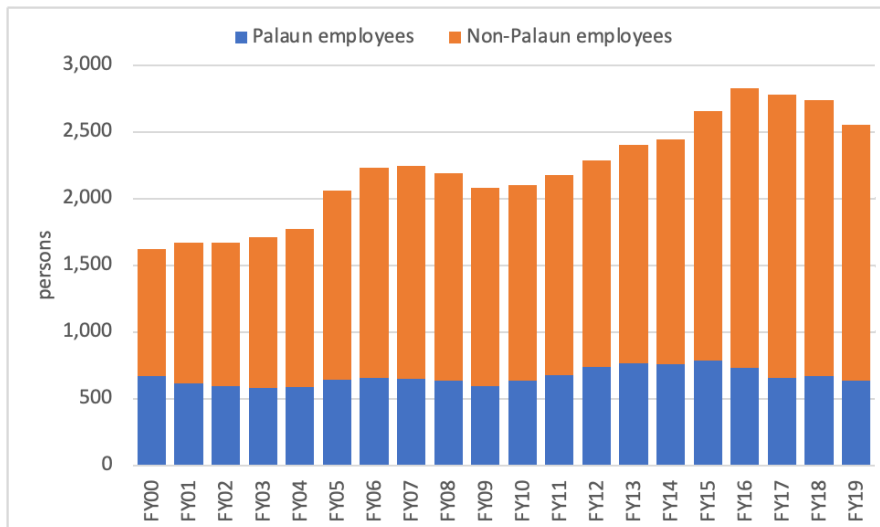
Source: World Heritage Centre Web site ([https://whc.unesco.org/en/list/1386/multiple=1&unique\\_number=1801](https://whc.unesco.org/en/list/1386/multiple=1&unique_number=1801))  
**Figure 1.1: World Heritage Area of the Rock Islands and Southern Lagoon**

### 1.2.2. Accumulation of tourism industry

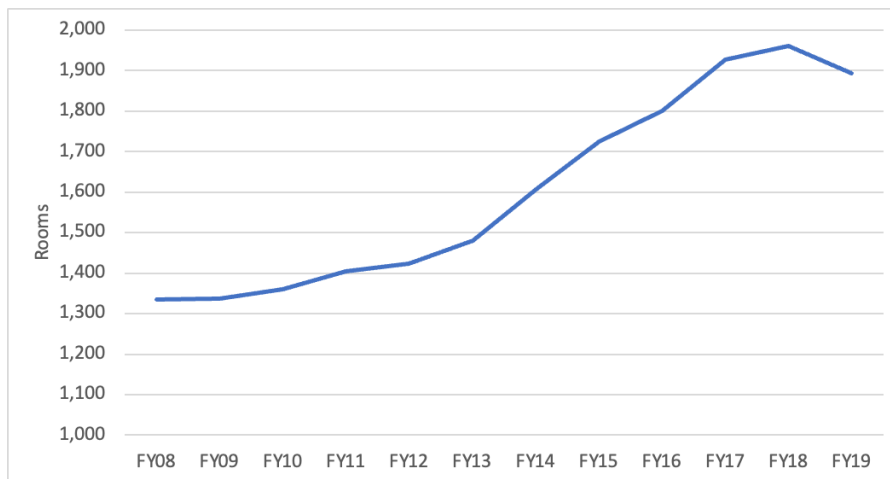
Palau has been developing tourism since the 1990s, around the time of independence. In the early stages of tourism development, the focus was on the diving market, but around 2000, tourism development began to target general tourists from Japan and Taiwan.

Figure 1.2 shows the number of employments in the tourism industry since 2000. In the year, the number was about 1,600, or about 28 percent of private sector employment; the number increased to about 2,800, and the share of private sector employment also increased to 43 percent in 2016. Subsequently, in 2019, the number of employments declined to 2,550, while the share of private sector employment remained close to 40 percent. However, the number of Palau people employed in the tourism industry has not changed significantly, staying in the 600 to 700 range after 2000. The increase in the number of workers in the tourism industry is solely due to foreign workers. In addition, the number of accommodation rooms increased from 1,335 in 2008 to 1,961 in 2018 (Figure 1.3).

In this way, Palau's tourism industry has accumulated human resources, accommodation facilities, and companies related to tourism over its approximately 30-year history, and tourism development is in an advanced status among the Pacific Islands countries.



Source: The Economic Monitoring and Analysis Program (EconMap) Web site (<https://pitiviti.org/palau>)  
**Figure 1.2: Trends in employment in the tourism sector since 2000.**



Source: The Economic Monitoring and Analysis Program (EconMap) Web site (<https://pitiviti.org/palau>)  
**Figure 1.3: Changes in the number of accommodation rooms since 2008**

### 1.3. Opportunity

#### 1.3.1. Existence of onshore tourism resources

In Palau, tourism development using marine resources has been promoted, but tourism development using nature and historical culture on land has been limited. There have been tours to memorials to the war dead and war sites, mainly by Japanese, visits to Bai<sup>2</sup> in the states of Airai, Aimeliik, and Melekeok, waterfalls in the states of Ngardmau and Ngatpang, and visits to remote islands such as Kayangel Island, but the number of tourists has been limited compared to marine tourism products. The state government manages these onshore tourist resources, and visitors are required to pay an entry fee to the state government when they visit. However, the payment of entry fees is a burden for tourists, and the

<sup>2</sup> Bai is a traditional building that was used as a meeting place in Palau.



payment procedure is sometimes complicated<sup>3</sup>.



Ngardmau Waterfall



Cobblestone road leading to the Bai site in Ngatpang

From the visitor's point of view, the daily lives of the community people and the connection between the natural resources and the community people can also be seen as tourism resources, but these tourism resources have not been well developed so far.

However, there have been several moves to combine these onshore tourism resources with tourism services and sell them as tourism products. In Airai State, the oldest Bai in Palau and canoe house were used to form a tour combined with services such as traditional food and dance, and sold through tour companies. Also, in the states of Aimeliik and Ngatpang, environmentally friendly community participation tourism products are being developed by the community group, "Babeldaob Island Community-Based Eco-Tours (BCET)"<sup>4</sup>.



Bai tour in Airai State



BCET's attempt to network local tourism resources

PVA is developing the system called "Alii Pass" for tourists to obtain tourist information and pay for

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<sup>3</sup> For example, the offices of the state government and the tourism officer may be closed on weekends on weekends, making it impossible to visit tourist sites.

<sup>4</sup> Refer to Chapter 5 of Part 1 for BCET's activity to develop environmentally friendly tourism products since 2016. BCET website <https://bcet-palau.com/>

tourist services at tourist sites, accommodations, restaurants, etc., and inviting state governments to participate in the Alii Pass program. As of November 2021, seven of Palau's 16 states are participating in the program<sup>5</sup>.

Thus, the movement to develop onshore tourism resources, which had not been developed much in the past, is beginning to take off in various aspects.

### 1.3.2. Progress in infrastructure development

Since independence in 1994, Palau has been continuously upgrading and updating its infrastructure and tourist facilities with the supports of Japan and the U.S. Major infrastructure and facilities upgraded since 2000 include the International Coral Reef Center (Palau Aquarium, 2001), the Japan-Palau Friendship Bridge (2002), and the Compact Road<sup>6</sup> (2007). In recent years, the Submarine Cable (2017, second cable being laid) can be mentioned. In addition, the renovation and expansion of the terminal facilities of the Palau International Airport will be completed in 2022<sup>7</sup>.

These infrastructures will improve the convenience not only for Palau people but also for tourists. With the completion of the Japan-Palau Friendship Bridge and the Compact Road, access to Babeldaob Island from Koror, Ngerekebesang, and Malakal Islands, where tourists have been concentrated, has been dramatically improved, and the access to the onshore tourism resources mentioned in section 1.3.1 has also been facilitated.



Compact Road (in Ngaraad State)



Japan-Palau Friendship Bridge<sup>8</sup>

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<sup>5</sup> So far, the provinces of Airai, Ngarchelong, Ngchesar, Angaur, Melekeok, Kayangel, and Ngatpang have decided to participate in the Alii Pass program.

<sup>6</sup> Compact Road is 53 miles long (85 kilometers long), 7.2 meters wide, two-lane road that circles Babeldaob Island and was funded by the Compact of Free Association with the United States, hence the name Compact Road.

<sup>7</sup> The soft opening ceremony of the expanded terminal facility is conducted on December 17, 2021.

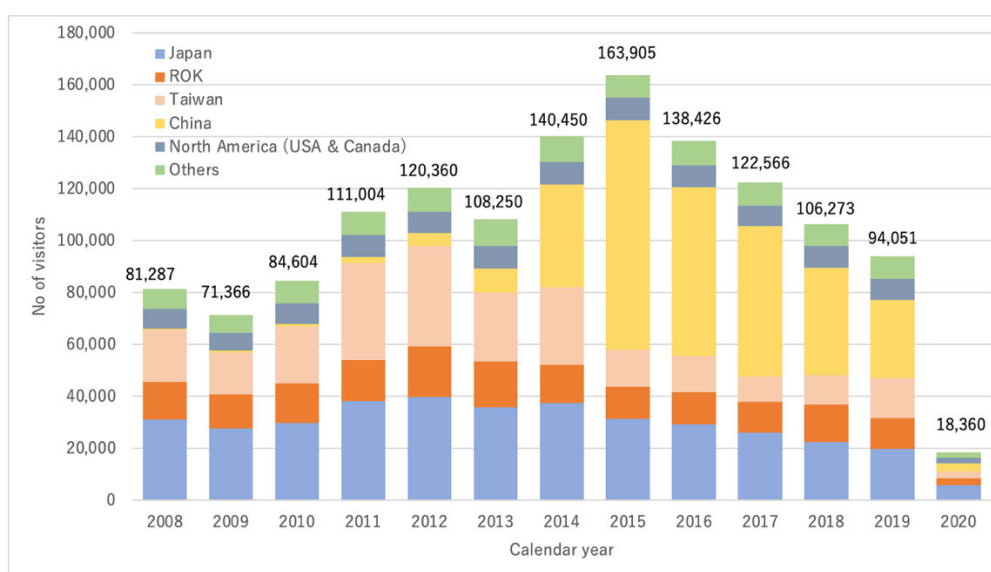
<sup>8</sup> This photo was taken in cooperation with Smile Air. ([www.smile-air.com](http://www.smile-air.com))



## 1.4. Weakness

### 1.4.1. The decline in visitor numbers since 2016

In 2008, the international visitor arrivals to Palau were around 81,000, but this number increased rapidly to 140,000 in 2014 and 160,000 in 2015. Figure 1.3 shows that this increase is mainly due to visitors from Mainland China. However, from 2016 until 2019, before the COVID-19 outbreak, international visitor arrivals to Palau had been decreasing due to the continuous decline of visitors from mainland China. By 2019, the number had dropped to 94,000.



Source: Palau Government Web site (<https://www.palau.gov.pw/visitor-arrivals/>)

**Figure 1.4: Trends in the international visitor arrivals since 2008**

The number of visitors from Taiwan, which used to be a significant market for Palau along with Japan, declined significantly in 2015 and has not returned to pre-2014 levels since then. The visitor arrivals from Japan have also been on a downward trend since 2015. One of the reasons for the decrease in the number of tourists from Japan and Taiwan since 2015 seems to be the congestion caused by the rapid increase in tourists from mainland China. In addition, in the case of Taiwan, Palau was a popular honeymoon destination in the 2000s, but in recent years, honeymoon destinations have shifted to Europe, South Korea, and Japan, and in the case of Japan, Delta Air Lines suspended its two regular weekly flights in 2018.

In 2020, the global spread of COVID-19 reduced the number of visitors from abroad to 18,000. The challenge will be to regain international visitors in the future when people around the world are able to travel overseas again.

### 1.4.2. High cost of access from major markets

Airfares to Palau from major markets (Japan, Taiwan, South Korea, and Mainland China) are relatively

expensive compared to maritime resorts in Southeast Asia. In addition, as shown in Section 3.1.1 of Part 1, there were six flights from Guam per week, but four flights from Macau, four flights from Incheon Airport, two flights from Taoyuan Airport weekly, and no direct flights from Japan in January 2019<sup>9</sup>. Thus, the barrier of access to Palau is much higher than in Southeast Asia in terms of frequency of access.

This difference in airfare and frequency of access is fundamentally due to the difference in the number of passengers coming and going. The situation in Palau, where the population is small and the passenger demand is almost exclusively for tourism, is not easy to change as airfares become more expensive and air traffic becomes less frequent.

Changing the high cost of access is not an easy task. In order to attract tourists to come to Palau, it is necessary to develop and promote tourism products that will make potential tourists and those who have visited Palau still want to go to Palau, while accepting this high cost of access.

### 1.4.3. Tourism receipts is not necessarily high compared to developed tourism regions.

Looking at the tourism receipts of the Pacific Islands countries shown in section 2.2.1 of Part 1, Palau's receipt per tourist is not as high as that of French Polynesia and New Caledonia, which are the most advanced tourism development in the Pacific Islands (Table 2.8 of Part 1). Table 1.2 shows the tourism receipt per tourist calculated from the number of visitors and tourism receipts in Palau, French Polynesia, New Caledonia and Solomon Islands.

**Table 1.2: Comparison of Tourism Receipts per tourist between Palau and major Pacific Islands Countries**

Country/region	Year	Number of visitors (persons)	Tourism receipts (USD million)	Receipt per tourist (USD)	Average length of stay (days)
Palau	FY2019	89,726	102.2	1,139	5.2
French Polynesia	2019	236,642	744.0	3,144	14.9
New Caledonia	2016	115,676	291.4	2,519	16.8
Solomon Islands	2019	28,930	78.2	2,703	15.1

Sources: Palau EconMap Web site (<https://pitiviti.org/palau/>); Other Countries Tourism Arrivals Report 2019, SPTO.

Palau's per capita tourist receipt is USD1,139, which is one-third the level of French Caledonia and less than half the level of New Caledonia and Solomon Islands. This difference arises from the difference in the average length of stay of tourists. The average length of stay in Palau, where a large percentage of tourists come from East Asia such as Japan, Taiwan, South Korea, and Mainland China, is 5.2 days, while the average length of stay in Polynesian and Melanesian countries, where many tourists come from Australia, New Zealand and France is 15 to 17 days.

<sup>9</sup> Delta Air Lines operated direct flights between Narita and Koror twice a week from December 2010 to May 2018; Skymark had planned to launch a charter flight in February 2020 but was unable to realize it due to the global spread of COVID-19.

How to increase the tourism receipt per tourist is an important factor for Palau, as the country is conscious of making balance between tourism development and environmental conservation. Maximizing tourism receipt will be discussed again in section 3.2.

## 1.5. Threat

### 1.5.1. Fear of damage to tourism resources due to congestion at famous tourist sites

In the course of interviewing the private sector involved in tourism in Palau, the study team was able to reconfirm that the congestion of tourist sites and facilities around 2015 and 2016 put a heavy strain on the tourism industry. Entry to Jellyfish Lake was restricted from 2016 to 2018. This was due to a decrease in the number of jellyfish in the lake, the main cause of which is said to be due to El Niño, but it is also true that around 2015, the lake was visited by enough tourists to cause congestion.

Crowding also occurred at the famous snorkeling sites of Rock Island, such as Milky Way and Soft Coral Arch. If too many boats and tourists are concentrated in a particular place, it may have negative effects such as damaging corals and making marine life unapproachable. Also, on the remote islands where tourists eat, there will be problems with garbage and urine disposal during meals.



Jellyfish Lake



Toilet facilities on a remote island (Kayangel State)

According to a study conducted from 2018 to 2019 with the support of the Sasakawa Peace Foundation, "Measuring experiential value of tourists in the Rock Islands Southern Lagoon in Palau - Towards the LAC introduction for Tourism Carrying Capacity - Part I and Part II" found that as congestion increases at a snorkeling site, tourist satisfaction decreases to a greater extent<sup>10</sup>. Congestion at tourist sites not only damages tourism resources, but also creates negative effects in terms of attracting tourists.

If future tourism development causes congestions that had occurred around 2015, the Palau people's concerns about making a balance between tourism development and environmental conservation would

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<sup>10</sup> For example, if the level of congestion doubles, it means that the satisfaction level of tourists will be less than one-half.

be lost when they developed the Palau Responsible Tourism Framework 2017-2021, may arise again. Efforts should be made to prevent this kind of concentration and congestion of tourists at major tourist sites.



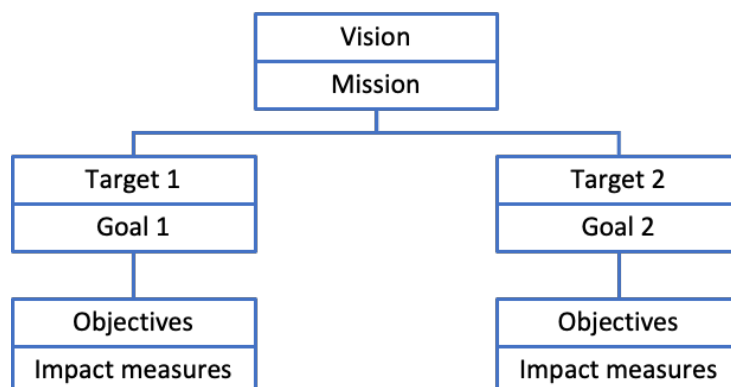
## 2. Review of Palau Responsible Tourism Framework 2017-2021

### 2.1. Overview of the Palau Responsible Tourism Framework 2017-2021

The Palau Responsible Tourism Framework 2017-2021 (PRTF) was developed by the public and private sectors involved in tourism activities in Palau with support from the U.S. Department of State and was completed in December 2016. The report was prepared with the awareness that tourism in Palau is at a crossroads due to the rapid increase in Mainland Chinese tourists since 2014. Specifically, the report points out the following items.

- Palau's tourism is shifting from its past focus on high-end tourists, mainly in the diving market, to low-end tourists, mainly in the form of vertically integrated package tours.
- Many inexperienced tour operators have entered the tourism market, and the regulatory and management functions to ensure the profitability and sustainability of the tourism industry have been reduced.
- The development of accommodation facilities targeting low-end package tourists is damaging the pristine brand of Palau.
- Palau is experiencing overcrowding in diving sites and other tourist destinations.

Based on this awareness of the issues, the PRTF has developed the following strategic framework for tourism in Palau, as shown in Figure 2.1. Under the vision and mission, there are targets (actually six targets), and each target has a goal (intermediate goal). Each goal is further subdivided into several objectives, and impact measures are defined as activities to achieve the objectives.



Source: Prepared by the study team from "Palau Responsible Tourism Framework 2017-2021"

**Figure 2.1: Strategy system of the Palau Responsible Tourism Framework 2017-2021**

The vision and mission of the PRTF are as follows

Vision: A Pristine Paradise. Palau for everyone.

Mission: We intend to grow and sustain a visitor industry that is Respectful of our people and environment, ensures the Optimum flow and retention of revenue in our economy, and consistently delivers on the Promise of a Pristine Paradise. We intend to grow and sustain a visitor industry that is Respectful of our people and environment, ensures the Optimum flow and retention of revenue in our economy, and consistently delivers on the Promise of a **Pristine Paradise**.

Under this vision and mission, six targets and goals have been set, as shown in Table 2.1 to achieve sustainable and responsible tourism.

**Table 2.1: Six targets and goals of the Palau Responsible Tourism Framework 2017-2021**

	Target	Goal
1	RESPONSIBLE TOURISM AWARENESS AND ALIGNMENT IS A NATIONAL PRIORITY	Tourism development and management is prioritized, organized, and coordinated across national and local government sectors.
2	PALAU'S VISITOR ECONOMY IS RESPONSIBLY MANAGED	The visitor-to-resident ratio reflects sustainable carrying capacity.
3	RESPONSIBLE PRODUCT DEVELOPMENT ATTRACTS TARGETED HIGH-VALUE MARKETS	Diverse, high-value, low-impact consumer segments are the core of Palau's visitor industry.
4	PALAU'S VISITOR EXPERIENCE IS THE LIVING BRAND	The complete visitor experience reflects Pristine Paradise. Palau brand.
5	PALAU'S TOURISM INDUSTRY PROVIDES IMPROVED VISITOR YIELD	Responsible tourism practices reflect optimal retention of revenue in the local economy.
6	PALAU'S TOURISM DEVELOPMENT IS COMMUNITY-DRIVEN	Communities are actively engaged in responsible tourism planning and decision-making.

Source: Palau Responsible Tourism Framework 2017-2021

## 2.2. Evaluation of the PRTF and lessons for future tourism development strategies

### 2.2.1. Vision, mission, targets, and goals that will still be valid in 2021

The PRTF outlines the direction of tourism development in Palau from 2017 to 2021. However, the vision, mission, targets, and goals set forth here are considered to be an important roadmap for future tourism development in Palau. The most important of these are: (1) to aim for a high-end market clientele and not just to increase the number of tourists, taking into account the environmental capacity and social environment (balance between Palau people and foreign workers), and (2) to involve Palau people in tourism planning and decision-making and people who are not directly engaged in tourism benefit from tourism.

Various people from the government and private sectors and NGO have been involved in the preparation of the PRTF, and it has been finalized based on the consensus of many people. Many of the opinions expressed in the interview surveys in this study were in line with the above direction. In this regard, the

vision, mission, targets, and goals of the PRTF should be adhered to in future tourism development.

### **2.2.2. Need for "Action"**

The PRTF had set "impact measures" under six targets, but many of them have not been implemented or are in the process of being implemented. For example, the National Tourism Coordination Board (NTCB), consisting of representatives from relevant central government ministries, private sector, and NGOs, and the State Tourism Council (STC), consisting of representatives from central and state governments, were established as means to achieve target 1 (confirming the importance of tourism development and management and the importance of cooperation between central and state governments). However, those organizations have not been realized.

The PRTF has also identified the preparation of a land-use plan that includes tourism development as a necessary initiative through cooperation between the central and state governments. The Bureau of Environment (Ministry of Agriculture, Fisheries and Environment), the Bureau of Cultural and Historical Preservation (Ministry of Human Resources, Culture, Tourism and Development), and PALARIS (The Office of the Palau Automated Land and Resource Information System) have collaborated to prepare GIS datasets that include environmental conservation areas, the location of historical and cultural heritage sites, and the tourism potential of Babeldaob Island. However, the data has not been analyzed from the perspective of tourism development.

In order to carry out the "impact measures," it is necessary to identify actions to realize the six targets set by the PRTF, and to set up a responsible person, implementation schedule, and evaluation indicators to confirm the implementation and to measure the effectiveness of the implementation.

### **2.2.3. A review of the PRTF from a 2021 perspective**

As mentioned in section 2.2.1, the vision, mission, targets, and goals set forth in the PRTF are still valid in 2021, but the targets and goals need to be revised based on the situation in Palau in 2021. As discussed in section 1.4.1, the international visitor arrivals have been declining since 2016, and the number has decreased significantly since 2020 due to the global spread of COVID-19.

As a result, an essential action for Palau today is to return the level of visitor numbers to the previous level as soon as possible. In doing so, Palau people must first make decisions on what level to return to, and how to consider and ensure a balance between tourism development and environmental conservation (preservation of the natural and social environment) after returning the level of visitor numbers to a certain level.

From this perspective, it is also necessary to set the actions that will be required in the future.





### 3. Future direction of tourism development

#### 3.1. Maximizing tourism receipts and actions to achieve it

The future development of tourism in Palau should not aim to maximize the number of tourists, but to maximize the Tourism Receipts in Palau. The amount of Tourism Receipts can be expressed by the following formula.

<p><b>Tourism Receipts in Palau</b></p> <p>= number of visitor arrivals × average length of stay</p> <p>× tourist’s expenditure <b>in Palau</b> per day</p>
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The PRTF noted that mainland Chinese tourists generally pay for their itineraries in China before coming to Palau, and do not spend much in Palau.. As stated in the PRTF's Target 2, high-end tourists, such as Foreign Independent Tour (FIT), are more likely to purchase optional tours, entering tourist facilities, and tourist services in Palau.

If the goal is to maximize Tourism Receipts, it is necessary to not only consider increasing the visitor arrivals, but also to increase the average length of stay and the payment per day in Palau. Table 3.1 shows a scenario for achieving the same level of Tourism Receipt as in the Fiscal Year 2015, with a visitor population of about 110,000. Even if the number of visitors is the level, with an average stay of 6.0 days and a daily expenditure of USD230, the Tourism Receipts would be USD151.8 million, slightly higher than the USD148.8 million recorded in the Fiscal Year 2015.

**Table 3.1: Calculation of Tourism Receipt (Fiscal Year 2015 and 110,000 visitors' scenario)**

Item	Fiscal Year 2015	110,000 visitors' scenario
Number of visitors (persons)	168,7790	110,000
Average length of stay (days)	4.5	6.0
Expenditure per day (USD)	194	230
Tourism revenue (USD million)	148.8	151.8

Source: FY2015 EconMap website (<https://pitiviti.org/palau/>); 110,000 visitors' scenario analysis by the study team

According to statistics from the EconMap website, the average length of stay of tourists increases to 5.2 days, and the payment amount per day increases to USD221 in FY2019. Therefore, the average length of stay and daily expenditure set in the 110,000 visitors' scenario is not necessarily high hurdles. In addition, Palau experienced around 110,000 visitor arrivals in FY2011, FY2013, and FY2018. Therefore, 110,000 visitor arrivals could be targeted as an early recovery of the tourism industry in the post-COVID-19 era.

To encourage tourists to increase the average length of stay and the payment amount per day, it is necessary to develop new tourism products. The critical factor is the development of onshore tourism resources, which was discussed as an "opportunity" in the SWOT analysis. The study team believes that

the following three actions need to be taken based on the analyses above.

- Action 1: Develop onshore tourism products that contribute to the increased daily payment amount.
- Action 2: Implement a Long Stay program that contributes to increasing the average length of stay and a Home Stay/ Home Visit program in combination with the development of onshore tourism products.
- Action 3: Promote MICE and Workcation to contribute to the increased number of tourists and the average length of stay.

### **3.2. Actions to be derived from the PRTF review**

The review of the PRTF from the perspective of 2021 (section 2.2), the following three points were derived: (1) implementation of actions to realize the vision, mission, targets and goals set by the PRTF, (2) the need for quick recovery of the tourism sector in post-COVID-19, and (3) ensuring the balance between tourism development and environmental conservation in the medium and long term. Regarding the action (1), the PRTF proposed various activities as "impact measures", the most important of which is to create and manage an organization for cooperation among tourism stakeholders (central government ministries, state governments, private sector and NGOs), as stated in Target 1.

Based on these considerations, the study team believes that the following three actions need to be implemented.

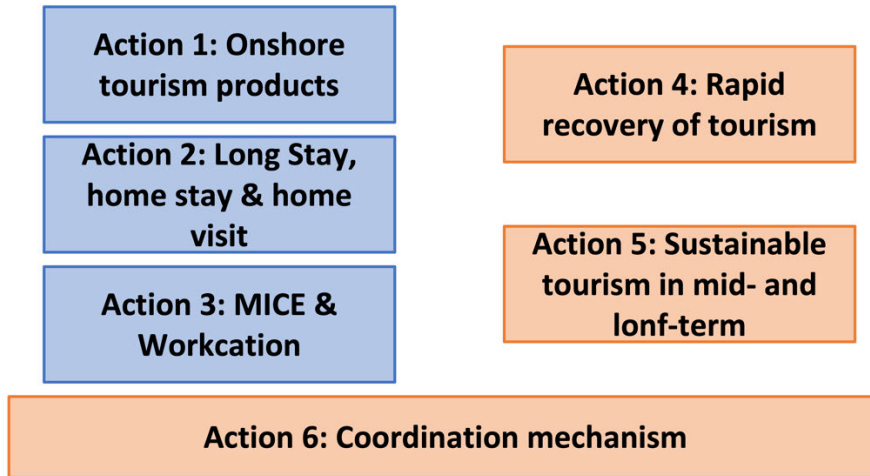
- Action 4: Prompt recovery of tourism in the post-COVID-19 period.
- Action 5: Achieve sustainable tourism development in the mid- and long-term.
- Action 6: Establish stakeholder cooperation mechanisms.

### **3.3. Relationship between the six actions**

The relationship between the six actions discussed in sections 3.1 and 3.2 can be shown in Figure 3.1: "Action 6: Establish stakeholder cooperation mechanisms." is the most important and the first one to be addressed, as it is the foundation for the other five actions. Once the stakeholder cooperation mechanism is completed, the development of tourism products to increase Tourism Receipts as described in Actions 1 to 3, and Actions 4 and 5 to achieve the vision, mission, targets, and goals of the PRTF can be implemented with Palau's tourism stakeholders working in the same direction.

Development of tourism products  
to maximize tourism receipt

A review of the PRTF from a  
2021 perspective



Source: Study team

**Figure 3.1: Relationship between the six actions**

The next chapter will explain the contents of these six actions.



## **4. Actions to realize the tourism strategy**

### **4.1. Action 1: Develop onshore tourism products**

#### **4.1.1. Possible products, target groups, and channels for providing information**

In general, tourism companies develop tourism products, but since around 2000, community-based tourism (CBT), in which the community takes the initiative in developing tourism products, has been taking place. In addition to this global trend, given the context of Palau, it is expected that the state government, which manages tourism resources, will also become a main player in tourism product development.

Palau's onshore tourism products will also be developed by the state government, tour companies, and communities, and the following are some of the possible tourism products.

- CBT by communities to introduce local tourism resources, life, culture, festivals, food, etc.
- A product for touring around the state that combines the tourist resources of each state and packages them with tourist services such as providing meals.
- Bird watching on Murphy Island in Rock Island and Long Island in Koror.
- Nature watching tour around the mangrove forests of Babeldaob Island.
- Agro-tourism in which tourists visit farms operated by the private sector, NGOs, and International Cooperation and Development Fund (ICDF) in Taiwan.
- Short cruises and kayak tours around Babeldaob Island and surrounding islands for one to two nights.
- Touring by car (rental car), motorcycle, or bicycle on the Compact Road and around the island of Babeldaob.
- Off-road buggy in the jungles of Babeldaob Island and marine sports such as water jets<sup>11</sup>, swimming (long-distance swimming), triathlon, etc.

The most crucial target group for such onshore tourism products are small groups of four to eight people. In the interviews with tourism service providers, several of them said that groups of this size are the easiest to handle when guiding and are also the easiest to manage for diving and boat tours. It was mentioned that groups larger than this may cause incidents and accidents due to tourists not being able to see the guides and tour operators. To ensure the safety of tourists, it would be better to target groups of four to eight people.

The first possible channels for selling the onshore tourism products are the National Museum, the Palau International Coral Reef Center (Palau Aquarium), travel companies, and diving companies. The

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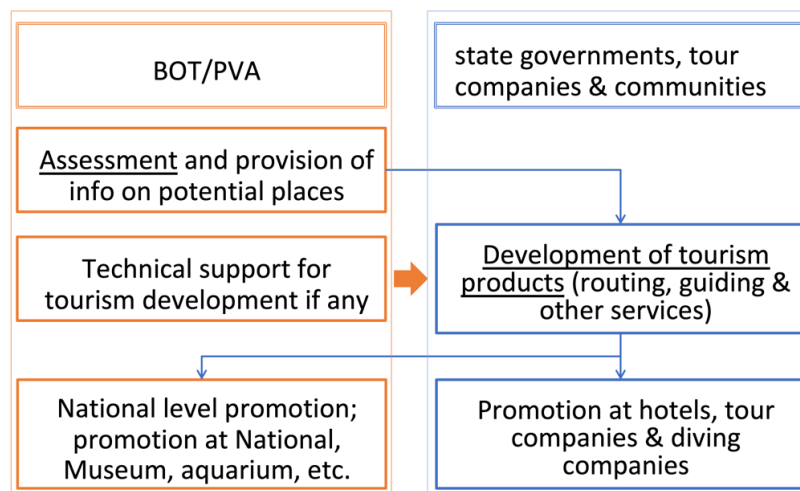
<sup>11</sup> In the interviews conducted in October 2021, some private businesses called for expanding the area where marine sports can be conducted.

National Museum and the International Coral Reef Center are the best gateways to overview Palau's history and nature and can provide visitors here with information on tourist attractions in each state of Palau. In addition, divers and people who visit Palau primarily for boat tours may decide on their activities before visiting Palau, so such clients should be provided with information from diving companies and tour companies. Global platformers of travel services such as Expedia, Booking.com, and Airbnb provide information on local activities in addition to booking accommodations and car rentals. Similarly, Alii Pass and websites of accommodations and tour companies in Palau could offer of onshore products when booking accommodation.

As mentioned in section 1.3.1, PVA is developing the Alii Pass for tourists to obtain tourist information and make payments at tourist sites, accommodations, and restaurants. It is expected that information on the onshore tourism products will be provided through the Alii Pass, and that in the future it will be possible to purchase the products. It is also desirable for tourists to be able to view information and purchase products from information terminals such as PCs and tablets at national museums, international coral reef centers, diving companies and tour companies without having to install the Alii Pass application.

#### 4.1.2. Development process of land tourism products and the role of BOT/PVA

Figure 4.1 shows the process of developing onshore tourism products and the roles of BOT/PVA and state governments, tour companies, and communities in the process. BOT/PVA provides the framework and technical supports for tourism product development, while state governments, tour companies, and communities develop the tourism products themselves.



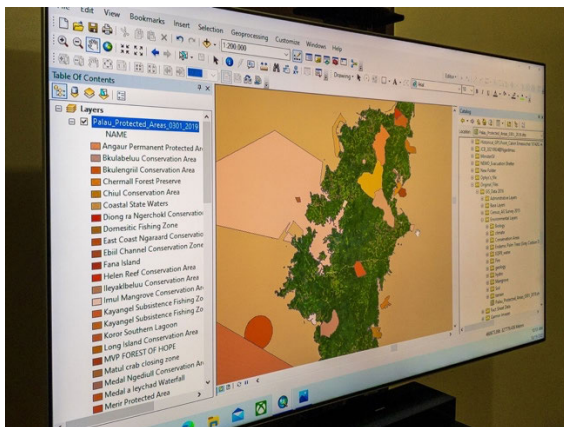
Source: Study team

**Figure 4.1: Development process of onshore tourism products and roles of stakeholders**

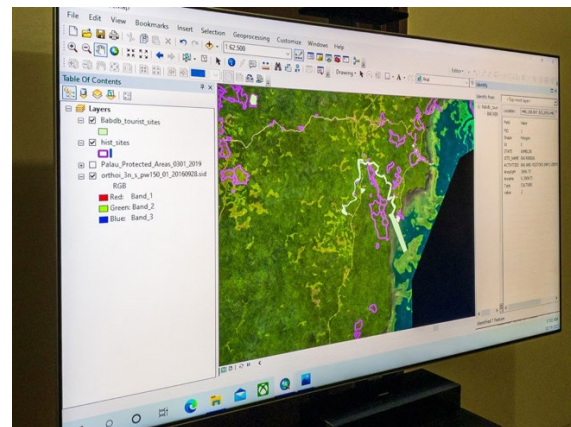
In order to develop onshore tourism products, the following information is organized and analyzed: (1) potential tourism resources (natural resources and tangible and intangible historical and cultural

resources), (2) natural resources that need to be protected and preserved (coastal environment, rivers, plants, organisms, etc.), and (3) those that need to be protected and preserved from a social environmental perspective (places that local people do not want non-local people to enter).

As mentioned in section 2.2.2, GIS data mapping of historical and cultural resources (traditional villages, docks, etc., along with historical and cultural resources) in all Palau states has been done by the Bureau of Cultural and Historical Preservation and PALARIS, and the mapping of tourism resources on the island of Babeldaob has been done in the GEF 6 project<sup>12</sup> regarding (1).



GIS data of Protected Areas Network



GIS data of historical and cultural resources and tourism resources of Babeldaob Island

As for (2), GIS data for information on Palau's Protected Areas Network (PAN) has been developed in cooperation with the Bureau of Environment and PALARIS.

Only when the tourism resources that can be utilized for tourism products are identified, the state government, tour companies and communities can develop tourism products. The development of tourism products consists of a variety of activities, such as the establishment and maintenance of tour routes, the maintenance and construction/installation of site museums and signage to provide tourism information, the training of guides, training in the provision of food and entertainment services, and the creation of promotional materials. There is a great possibility that the state government and the community will seek technical assistance in these activities. In such cases, the BOT/PVA will need to provide technical assistance either directly or by linking development partners with state governments and communities.

After the formation of the tourism products, the state government, tour companies, and communities will prepare materials for their promotion, and provide information about and market the products through accommodation facilities, diving companies, and tour companies. On the other hand, the BOT

<sup>12</sup> GEF 6 is the sixth program implemented by the Global Environment Facility and funds were allocated for the period 2014-2018. In Palau, GEF 6 allocated USD4.42 million in funding for biodiversity, land degradation prevention, and climate change projects. We can refer Palau's information in GEF from this website. [https://www.thegef.org/projects-operations/country-profiles/palau#collapse-star4\\_project](https://www.thegef.org/projects-operations/country-profiles/palau#collapse-star4_project)



and PVA will promote tourism at the National Museum and the International Coral Reef Center, and by incorporating elements of these onshore tourism products into Palau's national-level publicity.

## 4.2. Action 2 (1): Long Stay

The term "Long Stay" refers to a style of travel in which people stay for two weeks to three months to enjoy leisure time. Long stay is expected to increase tourism income, avoid over-tourism by diversifying the timing and location of travel, and promote human exchange in communities.

In Japan, overseas Long Stay has been recognized mainly by active senior citizens<sup>13</sup> since the 2000s, and it has been diversifying to include families with children in their 30s and 40s and young affluent people in recent years.



Malaysia is gaining popularity as a Long Stay destination.

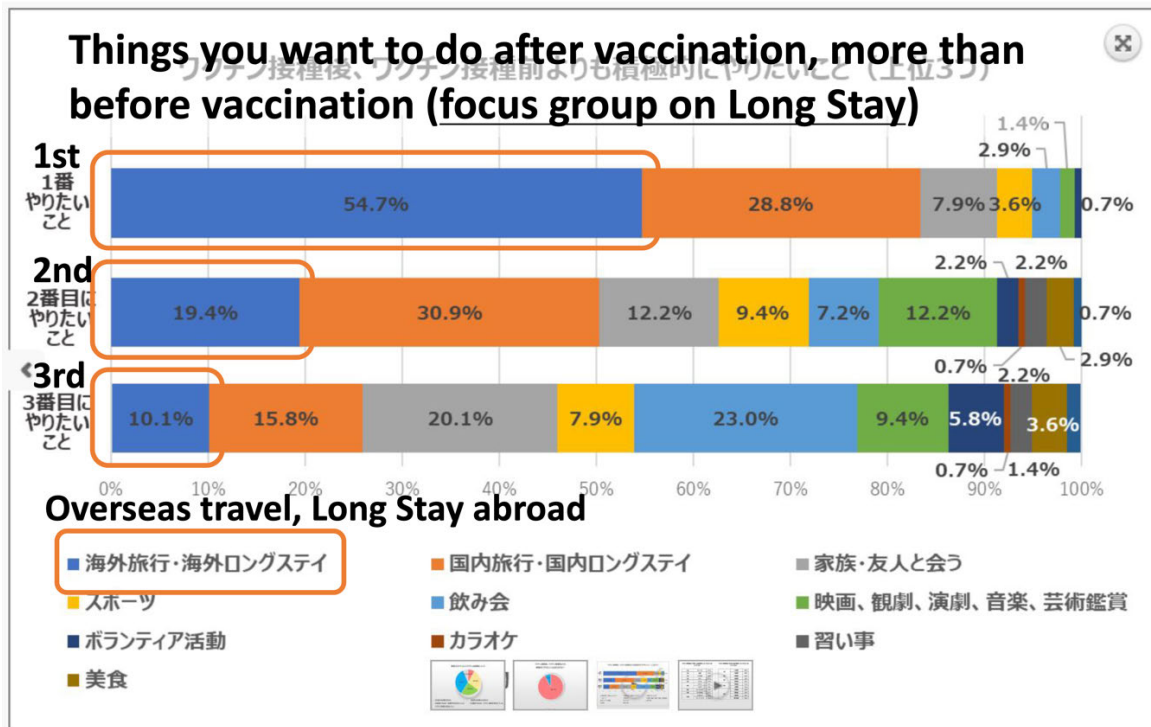
Due to the global spread of COVID-19 infection, many potential travelers are anxious about resuming overseas travel due to the new coronavirus epidemic. However, according to a survey report by the Longstay Foundation (released in July 2021), the majority of Active Senior citizens wish to have a Long Stay abroad after vaccination (refer to Figure 4.2).

In this section, the study team will analyze Palau's potential as a Long Stay destination and discuss the necessary actions to promote the Long Stay in the future. The potential markets of long stay for Palau are Japan, Taiwan, and South Korea. This section focuses on the case of Japan, which has a history of long stay initiatives as a country of origin. Information on Taiwan and Korea is presented at the end of

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<sup>13</sup> The Active Senior citizens are the part of the population aged 65 to 74 who are active among the elderly aged 60 and over. 36.3 million people aged 60 and over (elderly population) are estimated to be living in Japan by 2020, and 9.06 million of them are estimated to be in the active senior citizens group (<https://nspc.jp/senior/who/>).

this section to provide material for future long stay possibilities.



Source: " Trends in COVID-19 Vaccination and Post-Vaccination Activity Planning among Active Senior Citizens, Long Stay Foundation, 2021

**Figure 4.2: Top three activities that the Active Seniors want to do after vaccination than before vaccination**

Note: Longstay Foundation

The Long Stay Foundation, a general incorporated foundation that promotes leisure-type Long Stays, provides information on Long Stays in Japan and abroad and services for individual and corporate members. Please note that "LONGSTAY" is a registered trademark of the foundation and should be used with caution.

#### 4.2.1. SWOT analysis of Palau as a long stay destination

Since the Long Stay is a way of spending time that is closer to "living," people tend to focus on comfort and safety in deciding where to travel. Table 4.1 compares Palau with the three Southeast Asian countries (Malaysia, Thailand and Philippines) that are popular in Japan in terms of the main items that influence the decision of travel destination. In addition, Table 4.2 shows a SWOT analysis of Palau's characteristics as a Long Stay destination.

**Table 4.1: Comparison of living conditions in three popular Southeast Asian countries and Palau**

Items	Malaysia	Thailand	Philippines	Palau
Warm climate	★★★	★★★	★★★	★★★
Public safety	★★★	★★★	★	★★★
Travel and accommodation expenses	★★	★★★	★★★	★
Diffusion of English	★★	★	★★	★★★
Healthcare environment	★★★	★★★	★★	★
Visa-free period of stay	90 days	30 days*	15 days*	30 days*

Note: \*Extensions possible (up to 90 days for Palau)

Source: Study team

**Table 4.2: SWOT analysis of Palau as a long stay destination**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>- Warm climate, good public safety, zero-time difference from Japan</li> <li>- Affinity with Japan (history, language)</li> <li>- High English Proficiency</li> </ul>	<ul style="list-style-type: none"> <li>- Medical environment (only one general hospital)</li> <li>- Expensive travel and accommodation costs compared to Southeast Asia (1.5 to 2 times)</li> <li>- Limited public transportation</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>- A New Place to Stay for Experienced Long-Stayers</li> <li>- Learning opportunities (English language training, environmental education)</li> </ul>	<ul style="list-style-type: none"> <li>- Disharmony with local residents due to lack of cross-cultural understanding</li> </ul>

Source: Study team

Palau's appealing factors and issues based on the SWOT analysis are as follows.

#### Appealing factors

- Pro-Japanese national character: Due to the historical ties with Japan, many Japanese words are still used in the local language, making it easy for first-time travelers to understand. In addition, the war sites that remain in various parts of the country are a unique source of peace education material for Palau.
- High English proficiency: Many Palau people can speak English at a level comparable to that of native Americans. By establishing an English training program. It is expected to attract families who are interested in language education for their children and working adults.

#### Issues

- Relatively high travel costs: Airfare and accommodation costs are the factors that push up travel costs. It is assumed to be 1.5 to 2 times more expensive than in Malaysia in Southeast Asia. As shown in Table 4.3, the total cost for a two-week stay for two couples would be in the range of US\$4,000 to US\$5,000.
- Medical environment: There is only one general hospital, and it is impossible to see a doctor in Japanese at the moment.
- Limited development of public transportation: The public transportation network is not well developed, and rental cars or vehicle charters will be necessary. It is necessary to provide location information that can be easily understood by foreign drivers.

**Table 4.3: Cost estimation for a couple staying two weeks long**

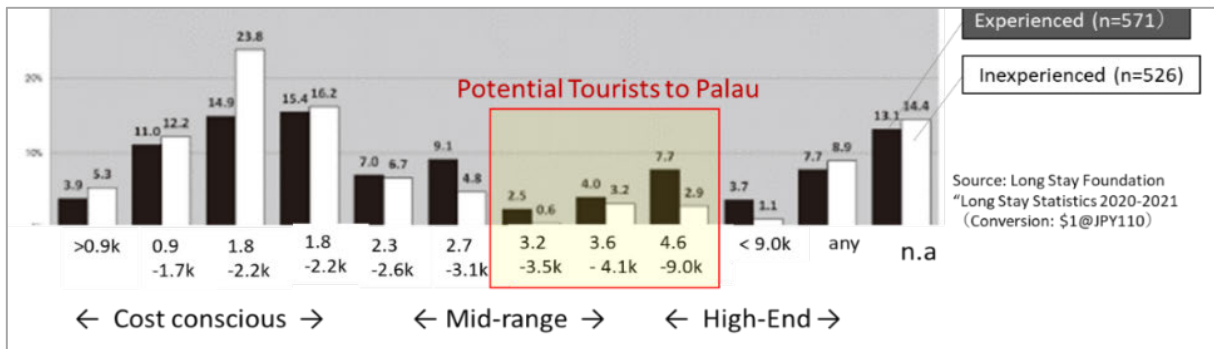
Unit: USD

	Malaysia	Palau
Airfare (round trip)	900 to 2,000	1,600 to 2,400
Accommodation fee (13 nights)	800 to 1,000	1,300 to 2,000
Food and beverage expenses (eating out and self-catering)	350 to 550	500 to 600
traveling expenses	100-250 (car sharing, public transportation)	250-350 (rental car twice a week)
Total	2,150 to 3,800	3,650 to 5,350

Source: Study team

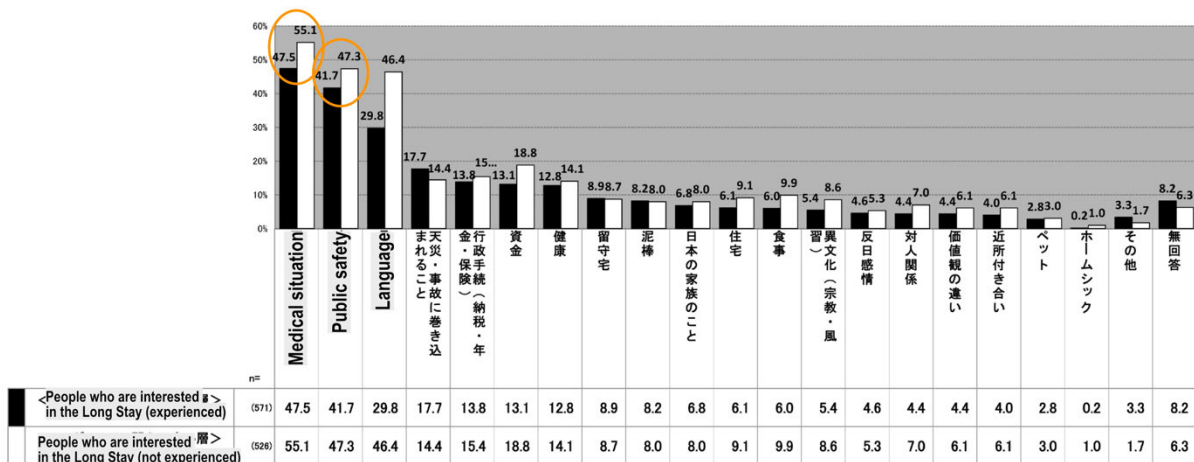
Traveler segment that will compensate for the issues: Active Senior citizens with the Long Stay experiences

Although the above issues will not be resolved in the short term, the results of the following questionnaire targeting the Active Senior citizens show an interesting trend (refer to Figure 4.3 and Figure 4.4). The percentage of "experienced long-stayers" who expect high travel expenses is higher than that of "inexperienced long-stayers", and the "experienced long-stayers" are less concerned about medical care and public safety.



Source: Edited by the study team from "Longstay Survey Statistics 2020-2021" by the Longstay Foundation

**Figure 4.3: Budget per person per month**



Source: Edited by the study team from "Longstay Survey Statistics 2020-2021" by the Longstay Foundation

**Figure 4.4: Anxiety factors (by experiences)**

Taking these factors into consideration, the most promising group of the Long Stay for Palau is the "healthy, Active Senior citizens with economic power." In addition, although the market size is smaller than that of the Active Senior citizens, "families and working people for the purpose of English training" is also a potential market.

**4.2.2. Action plans for promoting the Long Stay**

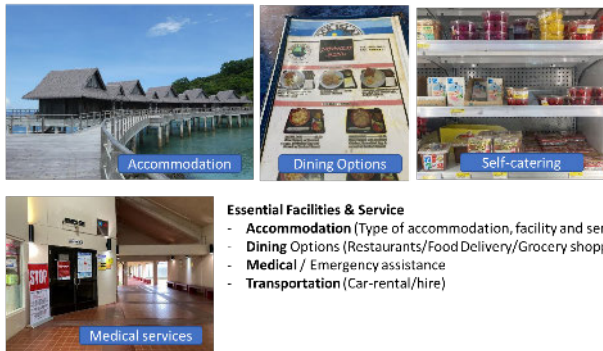
Since there are a wide range of industries involved in the Long Stay travel, it is desirable to establish a

council consisting of stakeholders to develop guidelines necessary to ensure the safety of travelers and to share information (The establishment of a council organization related to long-stay is shown in section 4.7.1). The following are the tasks and actions that need to be considered in this process.

Development of basic environment and accumulation of information

Compile a list of facilities and available services for key items essential for the Long Stays, such as accommodation, meals, and medical care, and consider the need for guidelines (e.g., whether or not to use fire for self-catering).

Basic Facilities & Services : Accommodation / Dining / Medical services



- Essential Facilities & Service**
- Accommodation (Type of accommodation, facility and service)
  - Dining Options (Restaurants/Food Delivery/Grocery shopping)
  - Medical / Emergency assistance
  - Transportation (Car-rental/hire)

**Accommodations**

- List of facilities (hotels, serviced apartments, private accommodation)
- Facilities (cooking availability/ laundry availability/ incidental facilities)

**Meals**

- List of restaurants (with or without genre/delivery)
- Information for self-catering (major items/stores that can be procured)

**Medical care and public safety**

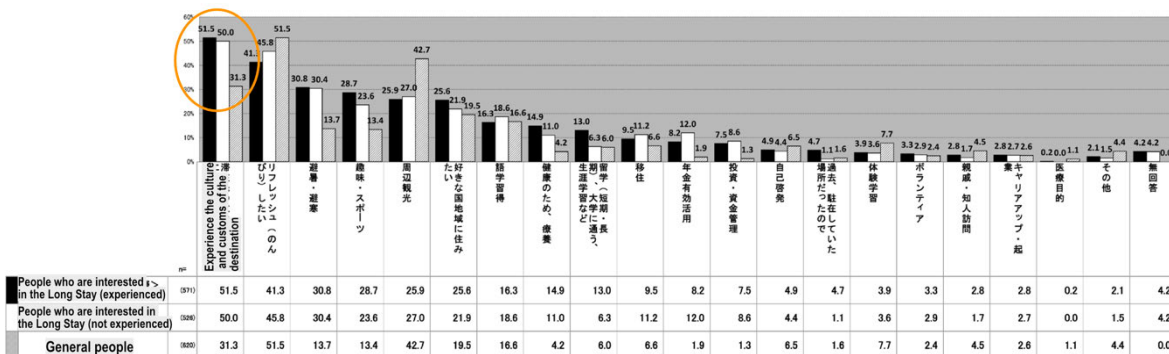
- Medical environment (main medical subjects/endemic diseases/pharmacy/insurance)
- What to do in an emergency / Local customs and manners

**Transport**

- How to use a rental car and precautions

Create opportunities for interaction with local communities

In a questionnaire survey on the purpose of long stays (Figure 4.5), "experiencing the culture and customs of the destination" was the top choice. Palau, which has inherited a unique culture, can differentiate itself from other countries by using this as an appealing material for the Long Stays. In order for travelers to come into contact with the culture and customs of the destination, it is essential for Palau to have bridge-builders between tourists and the communities.



Source: Compiled by the study team based on the Longstay Foundation's "Longstay Survey Statistics 2020-2021"  
**Figure 4.5: Purpose of the Long Stay (by experience)**





#### Opportunities to interact with the local communities

- Visiting markets, and joining festival and event
- CBT tours (activities by state governments such as Airai and community groups such as BCET, etc.)
- Self-improvement (English training, etc.)
- Volunteer activities (Japanese, martial arts, technology, etc.)

#### Need for "bridge-builders" to connect travelers and communities

- Information dissemination using PVA and accommodation facilities (installation of information KIOSK)
- Consider the possibility of Japanese resident organizations providing guidance and support for daily life.

### Long Stay demonstration test with monitored travelers

In preparation for the promotion, the study team proposes to conduct a demonstration test for about two weeks by recruiting monitors from the expected traveler group. This will be effective in identifying issues from the traveler's perspective and improving the acceptance system in advance. In addition, it will be possible to use actual experiences and visual materials as PR tools.

#### **4.2.3. Possibility of long stay from Taiwan and South Korea tourists**

Japan has a long history of promoting long stays as a country of origin, with the Longstay Foundation starting its activities and marketing surveys targeting the elderly market becoming more active in the 1990s. In Taiwan and Korea, such activities have just started in earnest due to the rapid aging of the population in recent years. The following information provides some hints on the potential of the long stay market in both countries.

#### Taiwan

- According to statistics from Taiwan's Ministry of Transportation and Communication, the number of outbound tourists in 2019 will hit a record high of 17.1 million and has been steadily expanding since surpassing 10 million in 2012. The outbound tourists aged 60 and over has expanded from approximately 1.1 million in 2010 to approximately 2.9 million in 2019<sup>14</sup>.
- 86% of outbound tourists are concentrated within Asia, making short-term trips to neighboring countries an affordable leisure activity for Taiwanese.
- The number of people aged 65 and above in 2019 is expected to reach 3.6 million, or 15.3% of the total population, and reach the 20% level by 2025<sup>15</sup>.
- In Taiwan, there is an organization called "Taiwan Silver Hair Tribe General Association<sup>16</sup>" to improve the quality of life of senior citizens, and in the past, it has organized group trips abroad

<sup>14</sup> <https://www.motc.gov.tw/en/home.jsp?id=2049&parentpath=0,154>

<sup>15</sup> <https://pop-proj.ndc.gov.tw/download.aspx?uid=70&pid=70>

<sup>16</sup> <http://tarp.org.tw/GoWeb/include/index.php>

for the purpose of friendship among its members.

### South Korea

- The number of outbound tourists in 2019 was 28.7 million, which is equivalent to about 60% of the total population. The top five travel destinations are all within Asia (Japan, China, Hong Kong, Taiwan, and Vietnam), but in recent years the destinations and purposes of travel have become increasingly diverse<sup>17</sup>.
- The number of overseas travelers aged 61 and over expanded from about 1.2 million in 2010 to 3.2 million in 2019.
- In September 2021, the Statistics Korea announced that the elderly population aged 65 and above was 8.5 million, or 16.5% of the total population, and is expected to reach the 20% level by 2025.
- Since the relative poverty rate (less than 50% of middle income) of people aged 66 and above in Korea is 43.2% in 2019, the highest among OCED member countries, it is necessary to approach senior citizens with a certain level of financial strength.
- Academic studies equivalent to the analysis of the Active Senior citizens are beginning to be conducted<sup>18</sup>.
- In South Korea, where English education is introduced from the primary level (3rd grade), there are many parents who are enthusiastic about educating their children, and a long stay abroad for the purpose of learning English could be an appealing factor.

### **4.3. Action 2 (2): Home Stay/ Home Visit**

The Home Stay program, which allows participants to experience the local culture and lifestyle through accommodation at an ordinary home, is an experiential tourism content, and is expected to contribute to the development of onshore tourism products utilizing Palau's natural environment and traditional culture. If the Home Stay program is not able to provide sufficient facilities or communication concerns remain due to the use of an ordinary home that is not originally intended as an accommodation facility, it may be possible to start by offering a one-day program as a "Home Visit" that does not involve accommodation.

#### **4.3.1. Expected traveler group for homestay and home visit**

As a result of the interviews and site visits during the study in Palau, it is considered that Home Stay and Home Visit programs in Palau are effective in approaching the traveler groups shown in Table 4.4.

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<sup>17</sup> [www.jnto.go.jp/jpn/inbound\\_market/korea02.pdf](http://www.jnto.go.jp/jpn/inbound_market/korea02.pdf)

<sup>18</sup>

[https://www.researchgate.net/publication/342324823\\_Effects\\_of\\_Leisure\\_Participation\\_on\\_Life\\_Satisfaction\\_in\\_Older\\_Korean\\_Adults\\_A\\_Panel\\_Analysis](https://www.researchgate.net/publication/342324823_Effects_of_Leisure_Participation_on_Life_Satisfaction_in_Older_Korean_Adults_A_Panel_Analysis)

**Table 4.4: Expected traveler groups for Home Stay and Home Visit**

Travelers Segment	Assumed country (region, city)	Remarks
Educational tour (School trips, study tours)	Japan, East/Southeast Asia, USA, Oceania	- Japan's overseas school trips (high school) total 898 schools per year, with a total of 155,535 students (FY2019). - Study tours, practical training at language and technical schools, etc.
Families with children in urban areas	Taiwan, Hong Kong, Singapore, Kuala Lumpur	- Assuming Chinese households living in the city with a passion for education (needs to experience the process of growing and harvesting crops)
Foreign residents of Palau and neighboring countries	Regardless of where you are from	- Expatriate families, international students, etc. (time and cost advantage over traveling from home country)

Note: Information on overseas school trips (high school) in Japan is based on statistics from the National Association for School Trip Research ([http://shugakuryoko.com/chosa\\_3.html](http://shugakuryoko.com/chosa_3.html))

Source: Study team

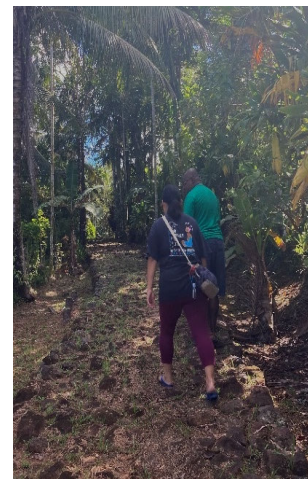
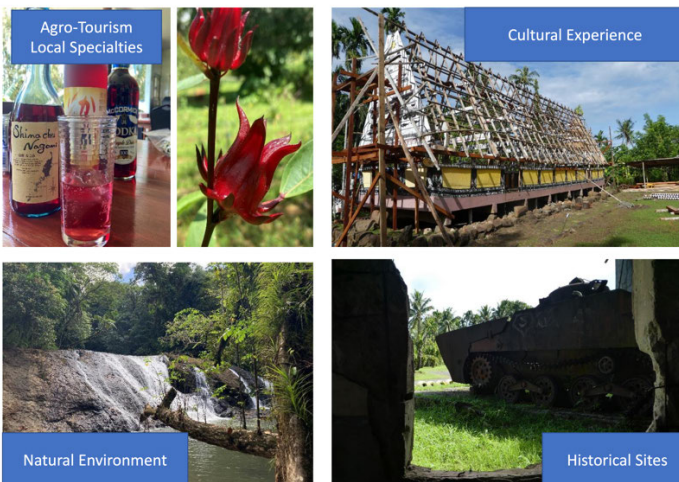
### 4.3.2. Materials for Home Stay experience

In order to provide a fruitful Home Stay experience, it is preferable to prepare activities that involve not only the time spent with the host family at home but also the surrounding tourist resources and local industries. Table 4.5 shows the main activities available in Palau. Programs that can be combined with the Home Stay, such as BCET in Babeldaob Island and visits to villages in Kayangel Island, are already in the process of development.

**Table 4.5: Materials for homestay experience**

Lifestyle	Cooking experience, market visit, participation in rituals and events, etc.
Agriculture, forestry, and fisheries	Farm and fishing village visits (tapioca harvesting, fruit picking, fishing, etc.), local product making (workshop tours, handcrafting, etc.)
Nature experience	Trekking, visiting waterfalls, kayaking, etc.
Historic site	War sites (Peleliu Island, Airai, and other states), visiting Bai, etc.

Source: Study team



Visit to the Bai ruin site in Ngatpang State



### 4.3.3. Recommendations for the promotion of Home Stay and Home Visit

#### Establishment of promotion councils and guidelines

Since the Home Stay and the Home Visit invite travelers into homes that are not originally intended as accommodations, it is important to establish a unified guideline by setting up a council of stakeholders to ensure the safety and security of both travelers and hosts. It is also necessary to consider a certification system and support measures for hosts who comply with the guidelines.

CRITERIA	SUB-CRITERIA	NO OF REQUIREMENT
1. Host	1. The village and community	3
	2. Homestay operator	1
2. Accommodation	3. The house	6
	4. The bedroom	5
	5. The toilet/bathroom	3
3. Activities	6. Village and community based activities	2
	7. Surrounding activities	2
	8. Authenticity	3
4. Management	9. Leadership	1
	10. Organization	3
	11. Database	3
	12. Capacity building & training	2
	13. Collaboration	1
5. Location	14. Accessibility	2
	15. House (kitchen, bedroom & toilet)	5
6. Hygiene & Cleanliness	16. Surrounding compound	3
	17. Food preparation	7
7. Safety & Security	18. Safety training	1
	19. Safety features for facilities/activities	4
	20. Briefing on safety aspects	4
	21. Emergency rescue and evacuation	4
8. Marketing	22. Promotion activities	4
	23. Partnership with tour operators	2
	24. Web marketing	2
	25. Economic sustainability	8
9. Sustainability Principles	26. Environmental sustainability	6
	27. Sociocultural sustainability	4
<b>TOTAL</b>		<b>91</b>

1. Host	Settlement and Community / Homestay Operator
2. Lodging	House/bedroom/toilet and bathroom
3. Activity	Community-driven activities / neighborhood activities / local uniqueness
4. Management	Leadership / Organization / Database / Capacity building and training / Collaboration
5. Location	accessibility
6. Sanitation and cleaning	Indoors (kitchen, bedroom, bathroom and toilet) / surrounding areas / meal preparation
7. Safety	Training / Safety requirements for facilities and activities / Training / Emergency, lifesaving, and evacuation
8. Marketing	Sales promotion activities / Cooperation with operators / Web marketing
9. Sustainability	Sustainability in the economy, environment, and socioculture

Source: ASEAN website ([www.asean.org/wpcontent/uploads/2012/05/ASEAN-Homestay-Standard.pdf](http://www.asean.org/wpcontent/uploads/2012/05/ASEAN-Homestay-Standard.pdf)) ( )

**Figure 4.6: ASEAN Homestay Standard 9 Criteria**

As an example of the guideline, the "ASEAN Homestay Standard" clarifies the criteria consisting of 27 items in 9 fields (a total of 91 requirements) and checking procedures, which can be used as a reference for Palau. In addition, in response to the spread of COVID-19, it is recommended that a health and safety training and certification mechanism similar to the "SAFE FOR YOU" certification program<sup>19</sup> be applied to homestay/home visit families.

#### **Reference case: Malaysia's Home Stay Village program**

In Malaysia, which has been promoting the homestay policy since the 1990s, the government grants Home Stay Village certification and various privileges to villages that meet the requirements (funds for facilities and service improvement, signage on the street, inclusion in publicity tools, etc.).

The required activities unique to the region (agricultural experience, eco-tour, or traditional culture)

<sup>19</sup> In response to the global spread of COVID-19, the BOT created the National Tourism Regulations for Pandemic Safety, under which the SAFE FOR YOU certification program was created. This program was developed by the BOT, PVA, MOH, PVA, PCOC, and the Red Cross in cooperation with the International Migration Organization (IMO), USAID, and JICA. Tourism businesses that accept tourists under a pandemic are required to obtain this certification, and as of October 2021, more than 200 companies have received the certification. <https://www.pristineparadisepalau.com/pandemic-safety-certification/>; <https://www.youtube.com/watch?v=iyt94ogI3hs>

add value and are supported by domestic and international travelers, and the number of certified villages exceeded 200 as of 2017. It has grown into a tourism content that accepts about 70,000 people a year (about 20% of whom are Japanese high school and university students).

**Activities offered**



**Operation Procedure**



**Promotional materials : Distributed to overseas tour operators/schools**



Home Stay Village System in Malaysia



Home Stay Village certification logo



Outdoor signage

**4.4. Action 3: MICE and Workcation**

The need to increase the number of visitors, the average length of stay, and the amount paid per day within Palau to raise tourism revenue in Palau was mentioned in section 3.1. The coming sections discuss the promotion of Workcation and MICE from the perspective of increasing the length of stay.

**4.4.1. Workcation**

Workcation is a word coined from the combination of "work" and "vacation," and is a way of working that combines vacation with work or business trips. In Japan, the Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism defines the Workcation and classifies it into vacation type

and work type<sup>20</sup>. In Japan, the Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism defines "work vacation" and classifies it into two types: vacation type and work type. The term "workcation" itself is said to have been created and used in the United States around 2000 as one of the various ways of working.

With the global spread of the COVID-19 infection in early 2020, there was a movement to introduce remote work, especially in developed countries and urban areas of various countries<sup>21</sup>. While remote work has begun to take root, concerns about work-life balance and mental health have been raised. By taking advantage of remote work, which allows people to carry out their work even when they are away from the office, and by changing the work location to an unusual space, workers can change their minds and deal with the aforementioned concerns.

### Possibilities for Workcation in Palau

During the interviews with tourism operators during the study in Palau conducted in October 2021, the study team was informed that there are investors who stay in the hotels for a long time. These investors were said to be both those who explore investment opportunities within Palau and those who invest in the global financial market. The study team was also informed that before the global spread of COVID-19, there was a tendency for Western visitors (including Westerners living in Asian countries) to stay in Palau for two to three weeks, and that some elderly people were staying in Palau for a long time. In light of the above, it is possible to focus on the following groups of people to attract the Workcation.

Target group of people: Self-employed individuals (freelancers), investors and managers, and digital nomads who can afford to travel to Palau, pay for accommodation and consumer spending during their stay, and work remotely.

Requirements: Because of the high cost of access to Palau in terms of actual costs (airfare) and opportunity costs (frequency of flights and travel time), people should be able to stay in Palau for a minimum of one week and work remotely. In addition, as of 2021, the medical system in Palau is limited, so there should be no health problems for those staying in Palau for a long time. The applicant must be in good health and have travel insurance or health insurance that covers emergency extradition.

In the interviews with tour companies, the study team was also informed that there are people who cruise on cruise ships or sail around the Pacific Islands countries on large yachts (Super Yacht) under the global outbreak of the COVID-19 and stay in Palau for a long time. They are wealthy people and can be

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<sup>20</sup> Workcation is the use of telework to work while enjoying leisure time at a different place than usual, such as a resort facility or hot spring. Workcation is classified into vacation type and work type (camp type, satellite office type, and regional problem solving type).

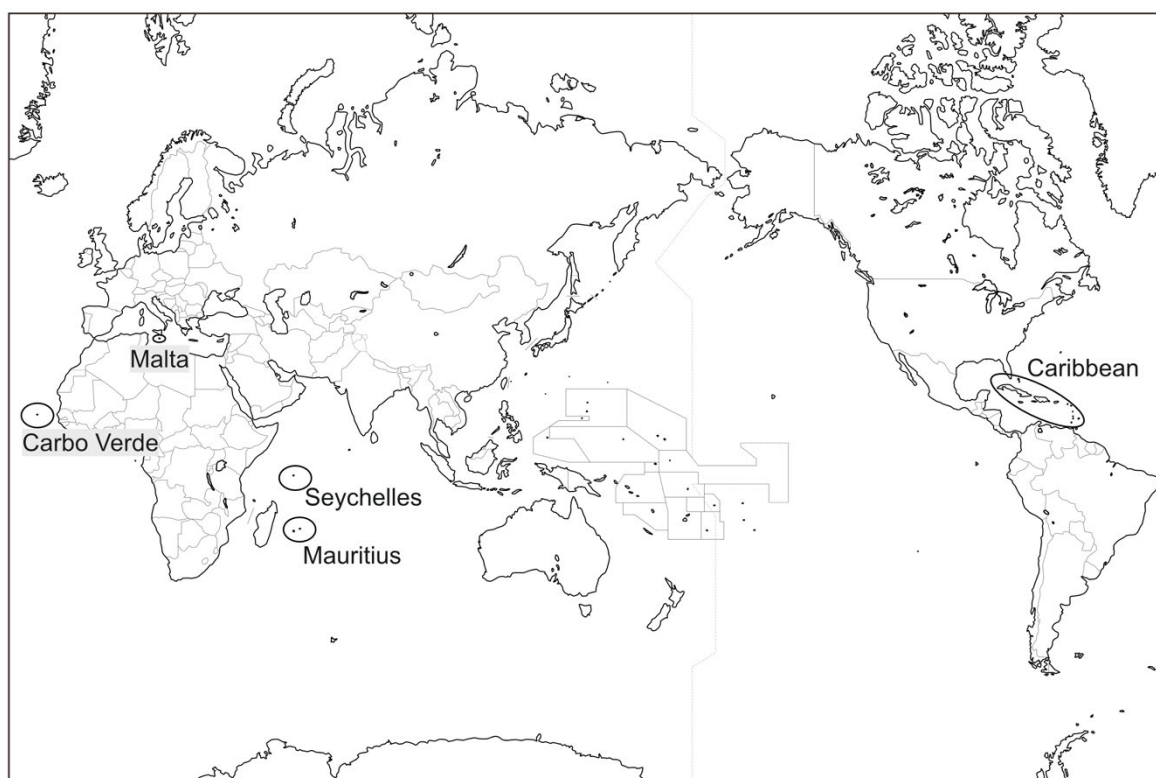
<sup>21</sup> According to the results of a questionnaire survey conducted by Nomura Research Institute, "The New Coronavirus and the Use of Telework in Eight Countries around the World" (July 2020), more than 50% of the eight countries surveyed (China, Sweden, the United States, the United Kingdom, Italy, Germany, South Korea, and Japan) have implemented telework, with the exception of two countries (South Korea and Japan).

expected to spend money during their stay in Palau. However, Palau has not developed a system for accepting these cruise ships and yachts yet, and some interviewees said that it is necessary to develop a system for repairing cruise ships and yachts and developing a market for the sale of these ships.

In order to attract the Workcation guests, it is necessary to collect and analyze information on the visa system for accepting vacationers (supply side) and the trend of vacationers (demand side). The following part of this section describes analyses of the status of visa regimes relating to the Workcation in the world's island countries and the trend of the Workcation in Japan, respectively.

#### Efforts to attract Workers in the world's island nations

In response to the worldwide spread of remote work, some countries are issuing remote visas and workcation visas to allow remote workers to stay in their countries. Since Palau is an island country, the study team collected information on island countries that have visa and workcation programs. The information was collected from Seychelles and Mauritius in the Indian Ocean, Cape Verde in Africa, Malta in the Mediterranean, and the Caribbean, and the results are shown in Table 4.6 and Table 4.7.



Source: Study team

**Figure 4.7: Island countries that issue remote work-related visas**

**Table 4.6: Remote work-related programs and visas (Indian Ocean and Africa Region)**

Items	Seychelles	Mauritius	Cape Verde
Name of program	Seychelle Workcation Program	-	Cabo Verde Remote Working Program
Visas/permits	Program participants receive Workcation Visitors Permit.	Premium Travel Visa	Temporary visa for 6 months in Cabo Verde

Items	Seychelles	Mauritius	Cape Verde
Acquisition cost	45 EURO as health travel authorization	free	54EURO (Visa fee: 20 EURO, Airport fee: 34 EURO)
Target group	All visitors, especially remote workers (both employees and self-employed)	<ul style="list-style-type: none"> <li>- Foreigners who stay for a long time as tourists</li> <li>- Retirees</li> <li>- Professionals who work remotely with their families</li> </ul>	People who can stay and work remotely in Cape Verde among the target countries (Europe, North America, Portuguese speaking countries, West African countries).
Requirement	<ul style="list-style-type: none"> <li>- Certificate of Income</li> <li>- Travel insurance and health insurance.</li> <li>- Follow the guidelines of the Public Health Service.</li> <li>- Certificate of employment (employee), certificate as a business owner (self-employed)</li> </ul>	<ul style="list-style-type: none"> <li>- Planning a Long-Term Stay</li> <li>- Purchase travel and health insurance</li> <li>- Must not be employed in Mauritius</li> <li>- Income and profit must be outside Mauritius.</li> <li>- Other documents (proof of purpose of entry and accommodation)</li> </ul>	<ul style="list-style-type: none"> <li>- For individuals, an average bank balance of at least EURO 1,500 for the past 6 months</li> <li>- Family members must have an average bank balance of at least 2,700 EURO for the past 6 months</li> <li>- Have travel or health insurance that covers evacuation and transport of the body in case of death.</li> </ul>
Length of Stay	Minimum 1 month to maximum 1 year	1 year, renewable	Maximum 6 months, but may stay up to 12 months after renewal

Source: Compiled by the study team from each country's work permit program website.

**Table 4.7: Remote work-related programs and visas (Mediterranean and Caribbean)**

Items	Malta	Aruba	Cayman Islands	Barbados
Name of program	-	Happy Workstation Program	Global Citizen Concierge Program	-
Visas/permits	Nomad Residence Permit	-	-	12-month Barbados welcome stamps visa
Acquisition cost	300 EURO	free	Up to 2 people 1,469USD/year (Additional 500 USD/year for each dependent)	<ul style="list-style-type: none"> <li>- Individual 2,000 USD</li> <li>- 3,000 USD for family members</li> </ul>
Target group	<p>Those who able to telework and fit into one of the following three types</p> <ul style="list-style-type: none"> <li>- Employed by a company registered in a foreign country</li> <li>- Managing partner or shareholder of a company registered in a foreign country</li> <li>- Freelancers and consultants whose main clients are foreign residents</li> </ul>	U.S. citizens who work for companies outside Aruba	People working outside the Cayman Islands	People who work for companies outside Barbados.
Requirement	<ul style="list-style-type: none"> <li>- Minimum monthly income of 2,700 EURO excluding taxes (20% of the median wage is added for each family member)</li> <li>- Health Insurance Coverage</li> <li>- Secure a place to stay in Malta (rental or purchase certificate)</li> <li>- Those who can verify their identity</li> </ul>	<ul style="list-style-type: none"> <li>- None in particular.</li> <li>- Make a package reservation through the program.</li> </ul>	<ul style="list-style-type: none"> <li>- Individuals (including self-employed) with a minimum annual income of USD 100,000</li> <li>- Minimum annual income of 150,000-180,000USD for spouse or family members</li> <li>- Certificate of Employer</li> <li>- Bank transaction certificate</li> <li>- identification documents</li> <li>- Criminal record certificate within the</li> </ul>	<ul style="list-style-type: none"> <li>- Minimum annual income of USD50,000 or more (Note: income must be earned outside Barbados)</li> <li>- Must have valid health insurance for the duration of the stay</li> </ul>

Items	Malta	Aruba	Cayman Islands	Barbados
			past six months - Must have health insurance (minimum coverage of 30 days upon arrival, local insurance upon arrival in the Cayman Islands)	
Length of Stay	1 year	Minimum 1 week to maximum 90 days	Up to 2 years	Up to 1 year

Source: Compiled by the study team from each country's work permit program website.

Although the programs and visa content in each country are different, the common requirements can be compiled as the following items.

- Eligible applicants must be able to work remotely and must be employed or have a source of income outside of the work location.
- Be able to provide proof of income as required for visa and program applications.
- Entering travel insurance and health insurance.

The following commonalities can be seen in the services provided by the countries that offer work vacation programs and visas.

- Comfortable internet access and mobile communications<sup>22</sup>.
- Being in an extraordinary space (highlighting the benefits of being a beach resort).
- Conducting PR for hands-on activities that can be enjoyed outside of work hours.
- Provide hotels and private accommodations where remote work is possible (but visitors pay for their own accommodation).
- Income tax exemption for the duration of your stay.

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<sup>22</sup> In Palau, optical submarine cable with a wavelength multiplexing transmission system of 100 gigabits per second (100Gbps) was installed in 2017 with financing from the ADB as a branch from an optical fiber cable connecting the U.S. mainland to Southeast Asia. In 2020, with financial support from Japan, the United States, and Australia, a submarine cable with the same capacity will be laid, and the project is currently underway (scheduled for completion by the end of 2022). These projects will improve the Internet environment in the future, but the Internet environment in accommodation facilities is sometimes unstable now.





Source: Barbados Welcome Stamp Website (<https://www.visitbarbados.org/barbados-welcome-stamp>)  
**Figure 4.8: Example of a website for attracting remote workers (Barbados)**

### Trends in Workcation in Japan

In response to the global spread of the COVID-19 infection, many companies in Japan have introduced remote work with the declaration of a state of emergency in March 2020.

According to a survey on work location conducted jointly by Cross Marketing Inc. and the University of Yamanashi (March 2021) <sup>23</sup>, about 40% of the respondents had telework experience. Of these, 6.6% had experience with work location. The questionnaire for those with experience in telecommuting in the survey summarized the location of the work, activities outside of work, and whether or not they were accompanied during the work. It was found that "a small number of people (one or two people)" tended to prefer "tourist attractions (hotels, inns, campgrounds, etc.) away from home or office" and "engage in non-work activities (fun, sightseeing, community exchange)" during their vacation.

As of November 2021, it is difficult to say that work vacations are widely used in Japan. However, Airbnb Japan, job search sites, and internet media have conducted a survey on the attitudes of the working generation toward work vacations, and about 60% to 70% of the respondents answered that they are interested in work vacations, indicating that there is growing momentum toward the spread of work vacations.

The General Incorporated Association Workcation Association and information from the Japan Tourism Agency, "New Travel Style: Workcation & Bleisure" describe the advantages of introducing the Workcation as indicated in Table 4.8. On the other hand, the labor and human resource issues in Table 4.9 have been pointed out as concerns when introducing the Workcation.

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<sup>23</sup> A survey of 1,000 vacationers reveals a latent need for "hidden vacationers," those who voluntarily take a vacation without using the company's system. <https://www.yamanashi.ac.jp/31189>

**Table 4.8: Benefits of introducing the Workcation**

Business	Increase in the percentage of employees taking paid vacations, mental health care for employees, improvement of work performance, and enhancement of corporate value (diversification of work styles, PR as CSR and SDGs initiatives)
Employees	Vacation time, more work options, physical and mental refreshment, implementation and promotion of remote work
Community	Increase in travel demand on weekdays, increase in exchange and related population, and revitalization of the region and regionally related companies

Source: Workcation Association of Japan website, Japan Tourism Agency data

**Table 4.9: Issues to introduce the Workstation**

Business	Management of working hours, coverage of worker's compensation, personnel evaluation, security measures for company systems and company-issued PCs
Employees	Workcation implementation costs
Community	-

Source: JTB Corporate Services website, Dai-ichi Life Economic Research Institute, etc.

Emergency declarations and priority measures to prevent the spread of the disease have been issued intermittently in Japan since March 2020, and the government has requested Japanese nations to refrain from moving across prefectures. As a result, the Workcation has been prevented. However, since the summer of 2021, the number of vaccinated people in Japan has rapidly increased, and the emergency declaration and priority measures to prevent the spread of the disease were lifted at the end of September of the same year. The "Go To Travel" program led by the Japanese government is scheduled to resume around February 2022. In addition, the Japanese government has expressed its willingness to promote the Workcation in order to revive the economy and revitalize the tourism areas that have been depressed by the COVID-19. In order to promote the Workcation, a government-funded "Subsidy Program for New Travel" has been established for private companies and local governments operating work vacations to promote work vacations, and the Japan Tourism Agency has issued a public call for applications for "New Travel Style" model projects by companies and regions (June 2021). This project is intended to match the senders (companies) and receivers (regions) of the Workcation, and to implement a model project to verify the effects, introduce the system, and improve the acceptance system<sup>24</sup>.

#### Workcation-related initiatives of Airbnb and Booking.com

Companies such as Airbnb and Booking.com, which are engaged in the hotel and private accommodation booking and lodging business on a global level, are conducting the following activities in response to the recent spread of remote work.

Airbnb is a service that allows users to book private accommodation and tourism experiences through its website and app. According to the company's May 2021 report<sup>25</sup>, roughly 19% of users said they would use Airbnb for travel and remote work in 2020. A consumer survey in five countries also found

<sup>24</sup> [https://www.mlit.go.jp/kankocho/topics06\\_000324.html](https://www.mlit.go.jp/kankocho/topics06_000324.html)

<sup>25</sup> Airbnb Report on Travel & Living, May 2021



that 74% of respondents expressed interest in living in a different location than their place of employment after a pandemic. Airbnb also anticipates teleworkers and provides information to facility providers on how to create rooms that teleworkers can spend comfortably.

Booking.com, unlike Airbnb mentioned above, allows users to choose between hotel facilities and private accommodation. The company has been implementing the "Work Friendly Program" since 2020, as business travelers tend to prefer private accommodations. The program analyzes the requirements of business travelers and remote workers, and has created standards that require invoicing, free Wi-Fi, workspace, etc. Owners of private accommodations who offer their facilities through Booking.com will receive a "Work-Friendly" badge if the facilities they offer meet these standards. "Work-Friendly" badges will be provided to owners of private accommodations who offer their facilities through Booking.com and meet these standards. The company said that these standards are particularly important for the "Bleisure" segment, which is a group of people who take advantage of business travel opportunities to extend their stay and enjoy their leisure time<sup>26</sup>.

#### 4.4.2. MICE

MICE is a general term for business events that are expected to attract a large number of visitors. The term was coined from the initial letters of the following words: meetings (M), incentive tour (I), international conferences (C) held by international organizations, groups, and academic societies, and events, exhibitions (E).

One of the differences between general tourism and MICE is that in addition to consumption expenditures by event and conference participants, MICE involve peripheral expenditures such as food and beverage and reception costs associated with conference management by the organizer. In addition, some visitors engage in sightseeing activities in the destination before and after the MICE event, so the impact on economic activity is expected to be greater.

The above MICE categories and a summary of MICE-related activities in Palau to date are compiled into Table 4.10.

**Table 4.10: MICE classification and examples of implementation in Palau**

Classification of MICE		Experience and examples of implementation in Palau		Facilities used
Meeting	Meetings conducted by companies	Yes	PATA New Tourism Frontiers Forum 2017	Ngarachamayong Cultural Center
Incentive tour	Corporate rewards and study tours	Yes	reward travel	Palau Royal Resort
Convention	International conferences held by international organizations, groups, academic societies, etc.	Yes	International Conference (scheduled for 2022.2)	Palau Pacific Resort
Exhibition	Trade show and fair events, business meetings	unknown	-	-

Source: Compiled by the study team from result of interviews and JATA online Travel Mart webinar (2021 2nd)

<sup>26</sup> "New programs caters to demand for work-friendly homes", Booking.com News, July 2020 ( <https://partner.booking.com/en-us/click-magazine/new-program-caters-demand-work-friendly-homes> )

As noted in Table 4.10, Palau has already experience in implementing MICE. However, there are limits to the amount of accommodation and conference facilities allowed in the country. According to statistics from the EconMap website, there were approximately 1,900 accommodation rooms in Palau in fiscal year 2019. The capacity of the main conference facilities is shown in Table 4.11.

**Table 4.11: Major facilities used for meeting rooms and capacity**

Facility Name	Capacity per meeting facility
Ngarachamayong Cultural Center	500 people
Parasia Hotel	150 people
Royal Resort Hotel	100 people
West Plaza Lebuu Street	100 people
Palau Pacific Resort	60 people
Airai Hotel	30 people

Source: Compiled by the study team from result of interviews and JATA online Travel Mart webinar (2021 2nd)

Considering the capacity of facilities available in Palau, small-scale MICE are the most likely to be implemented. Taking into account Palau's tourism resources and the fact that English is the official language, MICE can be targeted as follows.

- Corporate training: Team-building training with language, environmental education, and nature-based activities
- School trips and camps for school club activities, etc.
- Reward trip: resort hotel stays, or yacht stay reward trip
- International conferences: International conferences and academic meetings as far as the facilities in Table 4.11 can handle.

Palau is scheduled to host an international conference, Our Ocean, in February 2022<sup>27</sup>. As a countermeasure against the new coronavirus infection, travel restrictions and regulations (such as thorough ventilation) will need to be implemented, but the implementation of this conference will provide Palau with experience in MICE implementation with COVID-19. The conference will be an opportunity for Palau to attract small and medium-sized international conferences.

#### Potential for MICE development in Palau

After hosting Our Ocean, Palau can differentiate itself from other countries and cities by taking the following two points into consideration.

Size: Because of the limited capacity within Palau, small-scale conferences and events will be attracted. Especially in the case of hands-on activities, a size that allows for a group composition of 4 to 8 people

<sup>27</sup> <https://ourocean2022.pw>

is desirable taking the number of people allowed for guides and interpreters into consideration.

Creation of unique added value in Palau: Palau has abundant onshore and marine tourism resources. By using these resources, it is possible to create MICE with uniqueness, such as team building training through nature experiences and environmental learning. The fact that the official language is English can also be utilized for MICE. Although English-learning instructors and target educational facilities will need to be determined in the future, there is potential as an English-learning training destination.

#### **4.5. Action 4: Prompt recovery of tourism in the post-COVID-19 period**

##### **4.5.1. Diving market**

Palau's world-famous dive sites are a strong draw for divers, and even after the global spread of COVID-19 halted tourism, including diving, Palau's tour and dive companies were receiving inquiries from Japanese and Americans about resuming activities. When the study team interviewed several tour and diving companies in October 2021, the companies that accept residents in the Micronesia region and divers from the U.S. mainland had already resumed accepting divers. There were also inquiries from Japanese divers about the possibility of visiting Palau during the New Year vacations.

The diving market in Palau is in a situation where it is approached by tourists (divers). The global outbreak of COVID-19 is not yet under control, and it will take time for the diving market to recover in earnest as of November 2021. However, the most important promotional tool for the current diving market in Palau is for the BOT/PVA, tour companies, and diving companies to share their respective information so that tour companies and diving companies can provide appropriate information to divers.

##### **4.5.2. Tentative incentives to accept tourists**

On the other hand, active promotion is needed for customers in markets other than diving. On July 1, 2021, Phuket Island in Thailand began accepting tourists, followed by Bali in Indonesia on October 14, and Langkawi in Malaysia on November 15. On December 1, Fiji began accepting tourists.

In this way, countries are reaccommodating tourists, and some governments are offering incentives. In Fiji, direct flights to Japan are offered at low prices<sup>28</sup>. This is made possible by the government's support for the national airline.

It is necessary to respond to the situation where countries are preparing such incentives in the process of resuming tourism. Palau also provided subsidies for the implementation of the trouble bubble with Taiwan<sup>29</sup>, but consideration should be given to granting tentative incentives at the timing when tourists

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<sup>28</sup> The Narita - Nadi round trip, which was about 110,000 yen round trip in January 2020 before the Corona disaster, is being sold for 50,000 yen in December 2021. <https://www.fijiairways.com/ja-jp/flights-japan-to-fiji-airfare-deals-jp>

<sup>29</sup> <https://focustaiwan.tw/society/202108120006>

return to Palau. For example, considering the suggestions to extend the average length of stay of tourists and to promote the visit of small groups of tourists, such as families, the following initiatives can be considered.

- Reduce the hotel tax rate from the sixth day for tourists staying more than five days.
- Discounted entry fees for tourist sites in states for family groups of three or more people (parents and children).

Although it would be difficult to completely eliminate taxes and entry fees, the idea is to increase tourism revenue in Palau by increasing the number of longer stays and visits by families and other groups by offering such discounts on taxes and entry fees.

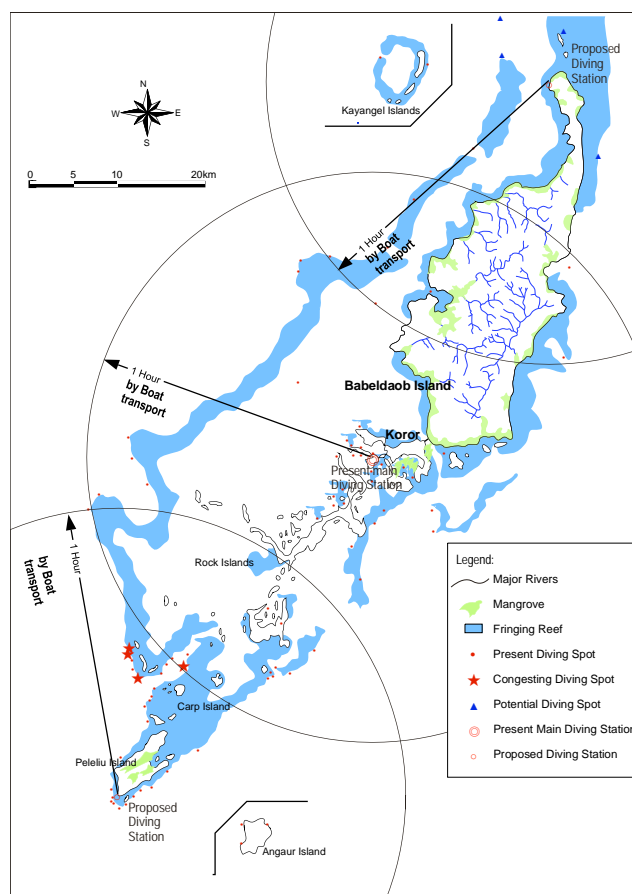
#### **4.6. Action 5: Ensure a balance between tourism development and environmental conservation**

Ensuring a balance between tourism development and the environment is one of the major themes of the PRTF. The term, "environment" includes Palau's marine and other natural resources, as well as social issues related to maintaining Palau's traditional culture and foreign workers.

##### **4.6.1. Tourism development and the natural environment: decentralization of tourism activities**

As shown in Chapter 5 of Part 1, following the release of the PRTF in December 2016, Palau introduced a series of marine environmental protection policies such as the Palau Pledge (December 2017), collection of the Pristine Paradise Environmental Fee (PPEF) (January 2018), implementation of the Palau National Marine Protected Area Act (January 2020), and a ban on the use of sunscreens containing scientifically harmful substances under the Responsible Tourism Education Act.

Palau then faced the global spread of COVID-19. After Palau's visitor numbers show some recovery in the post-COVID-19 period, an important point in considering the balance between medium- and long-term tourism development and the natural environment is to disperse the tourists who had been concentrated around Rock Island to other islands such as Babeldaob, Kayangel, Peleliu, and Angaur.



Source: Final Report of the "Regional Development Planning Study," Japan International Cooperation Agency, 2000.

**Figure 4.9: Proposal for the development of a tourism hub for the northern part of Babeldaob Island and Peleliu Island**

In the "Regional Development Planning Study" conducted in 2000, it was proposed that a tourism base be established in the northern part of Babeldaob Island and Peleliu Island, and that the destinations of boat tours be expanded from the Rock Island area to Babeldaob Island, Kayangel Island, Peleliu Island, and Angaur Island. In 2000, it was difficult to promote this proposal because the Compact Road has not been completed yet. However, now that the Compact Roads are in place, it is highly feasible to decentralize boat tour bases and products as well as to develop land-based tourism products as proposed in section 4.1.

On the other hand, it is necessary to continue monitoring and analyzing the impact of tourist visits on the marine environment around the Rock Islands. This is also proposed in the study "Measuring experiential value of tourists in Rock Islands Southern Lagoon in Palau-Towards the LAC introduction for Tourism Carrying Capacity- Part I and Part II" conducted with the support of Sasakawa Peace Foundation. On top of that, measures like the restriction of tourist entry, such as the one implemented in Jellyfish Lake between 2016 and 2018, may be necessary. Also, in the future, it will be necessary to create a system that uses digital technology to check the congestion of boats in the Rock Island waters using GPS mounted on the boats to avoid further congestion.

The Pristine Paradise Environmental Levy funds, which have been collected since January 2020, are earmarked by the Revised National Marine Sanctuaries Law (RPRL No. 10-02) as shown in Table 4.12. It is hoped that the Pristine Paradise Environmental Levy will be used for activities that balance tourism development and environmental conservation.

**Table 4.12: Use of Pristine Paradise Environmental Tax**

Item	Amount (USD)
Managed by the national treasury for safety, operation, maintenance and improvement of airports.	25.00
National treasury	22.50
Allocation to each state	12.50
Fishery Protection Trust Fund	10.99
Green Fee (a fund for environmental protection)	30.00
Total	100.00

Source: 2017 Amendments to the National Marine Protected Area Law (RPRL No. 10-02).

#### 4.6.2. Tourism Development and Social Environment: Accommodation Development and Acceptance of Foreign Workers

As tourism development progresses and the number of visitors and average length of stay increases, so will the need for human resources to work in the accommodation and tourism sectors. Table 4.13 summarizes the number of accommodation rooms and the number of people employed in the tourism industry (accommodation, restaurants, diving, boat shopping, etc.) under the fiscal year 2015 and the 110,000 visitors' scenario presented in Table 3.1. In 2015, there were 1,724 accommodation rooms and 2.5 million people employed in the tourism industry while the 110,000 visitors scenario, where 110,000 visitors stay an average of 6.0 nights, we can expect almost the same number of accommodation rooms and about 2,600 people to be employed.

The larger the number of person-nights, which is the number of visitors multiplied by the average length of stay, the larger the number of rooms in accommodation facilities and the number of people employed in the tourism industry. The development of accommodation facilities is also related to the future land use and infrastructure development of Palau, and the increase in the number of employees will lead to the reliance on more foreign workers (as shown in Section 1.2.2, the number of Palau people working in the tourism industry remains constant at around 600 to 700, and the rest of the labor force is relied on from abroad). The development of such accommodations and the acceptance of foreign workers are major issues in balancing tourism development with the social environment.

**Table 4.13: Relationship between the number of accommodation rooms and tourism human resources and the number of tourists**

Items	Fiscal Year 2015	110,000 visitors' scenario
Number of visitors (persons)	168,7790	110,000
Number of person-nights (person-day)	767,022	660,000
Number of accommodation rooms (rooms)	1,724	1,700
Number of employees in tourism industry (persons)	2,828	2,600

Notes: Fiscal year 2015 is actual; 110,000 visitor scenario is calculated with an average stay of 6.0 days, an accommodation occupancy rate of 70%, and 1.5 guests per room.

Source: Fiscal year 2015 EconMap website (<https://pitiviti.org/palau>); 110,000 visitors scenario Analysis by Study team.

## 4.7. Action 6: Cooperation among stakeholders

### 4.7.1. Establishment and operation of Stakeholder Meeting

The stakeholders involved in tourism in Palau can be summarized as shown in Table 4.14. It is necessary for these stakeholders to form a consensus on the direction of tourism development in Palau, and to share the challenges they are facing in their respective fields, and to develop a mechanism to find solutions together.

**Table 4.14: Stakeholders of tourism in Palau.**

Central government	Bureau of Tourism, MHRCTD; Palau Visitors Authority; Bureau of Culture and Bureau of Environment, MAFE; Bureau of Aviation; Bureau of Public Safety;
State government	Governor's office; PAN coordinators; tourism officers, Ranger team in each state
Private	Palau Chamber of Commerce and its members; Palau International Airport Company
NGOs	Palau Conservation Society, etc.

Source: Compiled by the study team from PRTF and other sources.

The PRTF proposed the establishment and operation of the National Tourism Coordination Board (NCTB) as such a mechanism, but it has not yet been established. However, in order to implement the Action proposed in this report in Palau, where the population size is small and human resources are limited, the establishment and operation of a stakeholder meeting as shown in Figure 3.1 is necessary as the first Action.

The role of the stakeholder meeting is twofold:

- Stakeholders in the tourism sector discuss, build consensus, and share directions for tourism development.
- Stakeholders in the tourism sector will share the problems facing the sector and come up with ways to solve them.

On that basis, the stakeholder meeting will conduct the following activities

#### Plenary session

Once a year, all stakeholders gather to review Palau's tourism activities during the year, exchange opinions on the future direction of tourism, and form a consensus.

#### Conference of the Central Government and Private Sector

Among the stakeholders, central government agencies such as BOT/PVA, the private sector, and NGOs will meet in this conference, which will be held once a quarter.

PCOC will be the recipient of the conference, and representatives of PCOC and companies involved in the tourism sector will participate from the private sector. Central government agencies, the private sector, and NGOs exchange opinions and information on topics such as reports, and issues related to the tourism sector.

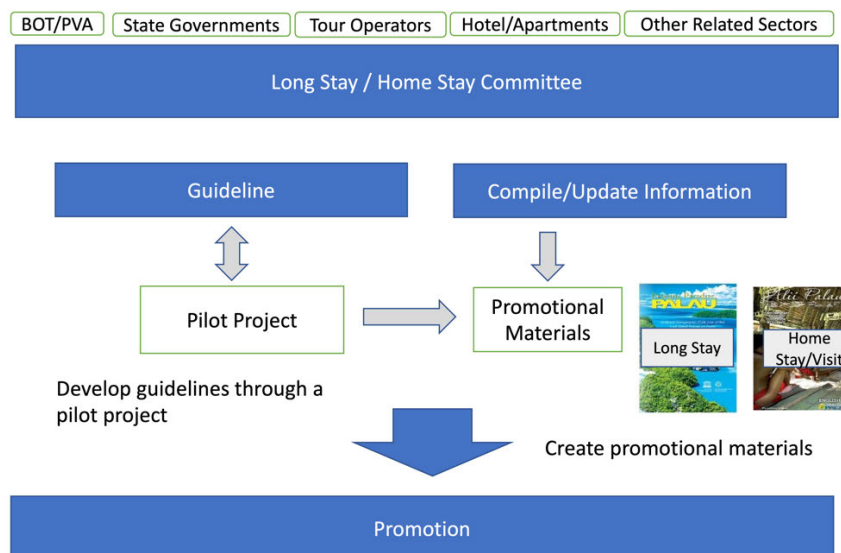
Secretariat of the Stakeholder Meeting

PVA staff and PCOC representatives will constitute the secretariat for the Stakeholder Meeting, which will prepare for the holding of the plenary sessions, and the conferences of central government and private sector (setting the agenda), work on the logistics of the meetings, and prepare the minutes of the discussions at the meetings.

Councils

In order to implement the actions proposed in this report, the parties involved in each action will get together to form councils to coordinate their opinions and work. For example, a "Long Stay Council" will be formed for the promotion of the Long Stay. The council will hold meetings and carry out activities as needed, and the results of the meetings and the status of the activities will be reported at the plenary sessions, the conference of central government and private sector, and the conference of central and state governments.

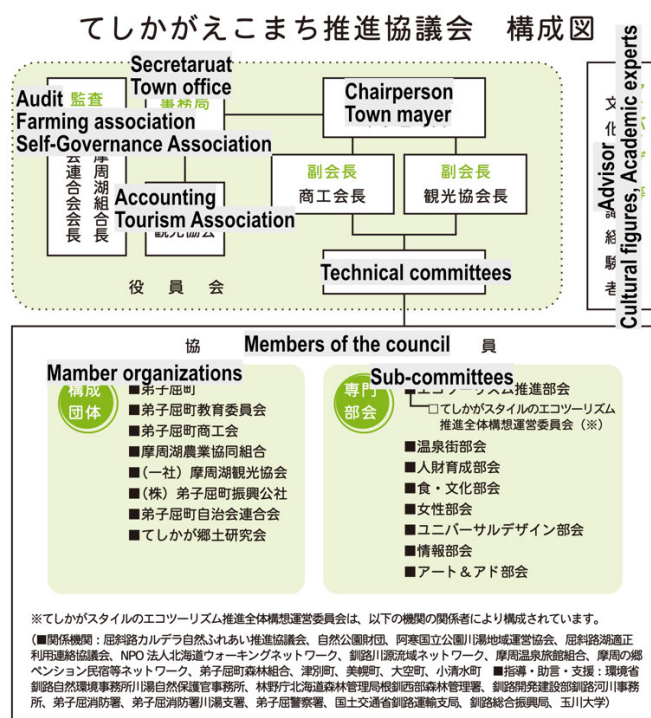
The Long Stay Council will formulate guidelines necessary to ensure the safety of travelers and share information on the formulated guidelines among the parties concerned. It will also create promotional materials to market the Long Stay as a tourism product. In addition, the council is expected to play a role as an intermediary between the two parties, since interaction with local people will lead to greater satisfaction with the Long Stay.



Source: Study team

**Figure 4.10: Role of the council (example of the Long Stay Council)**





Source: "Teshigaekomachi Promotion Council" website ([http://www.masyuko.or.jp/eco2/pdf/ecomachi\\_p\\_1710.pdf](http://www.masyuko.or.jp/eco2/pdf/ecomachi_p_1710.pdf))

**Figure 4.11: Organizational structure of the Teshigaekomachi Promotion Council**

When considering this kind of organization among stakeholders for tourism development in Palau, the example of small-scale local governments in Japan can be considered as a reference. For example, the Teshikaga Town, Hokkaido (population 7,514 in 2016), which is home to Lake Mashu and Lake Kussharo, established the "Teshikaga Ekomachi Promotion Council," an organization that brings together the town's residents, local tourism-related businesses, regional organizations and groups, and various government agencies. The goal is to create a town that everyone is proud of and that everyone can be proud of, by establishing a "recycling-oriented society" and making the town self-reliant and sustainable.

The composition chart of the council in Figure 4.11 shows that the town office, tourism association, and chamber of commerce and industry play a central role in establishing subcommittees to address tourism development issues such as ecotourism, human resource development, and food culture.

#### 4.7.2. Cooperation among stakeholders in tourism development

Due to the small population size of, there is a lack of human resources in all tourism processes (from planning and guideline development to the provision of tourism services) in Palau. The stakeholder meeting described in section 4.7.1 is also a mechanism to compensate for such shortage of human resource.

In the previous section, using the activities of the Long Stay Council as an example, the study team

described the creation of guidelines through the implementation of a pilot project, the dissemination of the created guidelines to all concerned parties, the creation of promotional materials as tourism products, and the subsequent implementation of promotional activities. It is expected that these activities will be utilized in the development of tourism products to be developed in the future, and that the stakeholders involved in tourism will cooperate in the development and promotion of these products. The roles of the BOT and PVA in this process of tourism product development and promotion are:

- To position the developed guidelines as Palau's national guidelines
- To supervise the activities of the parties concerned to ensure that they follow the guidelines, and
- To promote the developed tourism products will be positioned as part of the national tourism promotion of Palau, and tourism promotion will be conducted.

In addition to the development and promotion of tourism products, an area that requires cooperation among stakeholders is the cooperation between tourism operators and rangers of each state to conserve marine resources and ensure the safety of marine tourism. It is necessary to organize the daily work of tourism operators and rangers, to study the division of roles and areas of cooperation between them, and to facilitate communication between them.



## Conclusions and recommendations

### Conclusions and recommendations for Part 1

As a result of the analysis in Part 1 of this report, the status of the tourism sector in the Pacific Islands countries and the future direction of tourism development can be summarized as follows. Most of the information in Part 1 is based on reports and statistics published before the spread of COVID-19. The paragraphs other than "impacts of the spread of Covid-19 and post-COVID-19 tourism development" summarize the tourism sector in the PICs before the spread of COVID-19 in the world.

Tourism market: Although the number of foreign visitors to the PICs is increasing, Palau, FSM in the Micronesian region, has seen a downward trend in visitor numbers in recent years. By country of origin, Micronesia is dominated by visitors from East Asia and the United States, while Australia and New Zealand dominate Melanesia and Polynesia. Melanesia and Polynesia have cruise tourism; however, compared to other island nations such as the Caribbean, cruise ship tourists are low. The number of cruise tourists in Micronesia is even lower than in Melanesia and Polynesia, and the development of cruise tourism there is limited.

Tourism economy: In terms of tourism revenue as a percentage of GDP and tourism revenue per capita, the contribution of tourism to the economy is significant in Cook Islands, Palau, Niue Fiji, and Vanuatu. A similar trend can be seen in employment in the tourism sector. On the other hand, the expenditure per visitor exceeds \$2,500 in the Marshall Islands, French Polynesia, Solomon Islands, and New Caledonia, while Palau, Niue, Fiji, and Vanuatu are around half that level. However, there are some discrepancies between the data on the tourism economy estimated by SPTO and the statistical data of UNWTO, and it is desirable to analyze the data based on a unified estimation method<sup>1</sup>.

Tourism resources and products: Many Pacific Islands countries and economies have marine resources such as coral reefs, sandy beaches, and marine life, and these have been developed to some extent. However, efforts to utilize the terrestrial natural environment, traditional culture and history, and current culture in tourism products are limited. It is expected that the development of these resources will make the most of the unique characteristics of each country/economy.

Tourism infrastructure and facilities: Except for Fiji and PNG, the countries/economies are limited in terms of land area and population size, which makes the development and operation, and maintenance of infrastructure a significant burden. It is expected that tourist visits through tourism development will positively impact these issues. In addition, access to the Pacific island countries is time-consuming, and mass transportation is difficult. However, looking ahead to the post-Covid-19 world, it is thought that this could lead to the development with an eye on tourism that avoids crowding of people.

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<sup>1</sup> The survey team will collect more information on SPTO's data collection and analysis methods through further interviews and field visits.

Tourism-related organizations: In most PICs, the formulation and implementation of tourism policies and development of tourism plans are done at the ministry level, while marketing and promotion are carried out by specialized departments such as tourism bureaus and tourism authorities. Almost all countries have websites for disseminating information, especially Polynesian and Melanesian countries, which seem to be supported by the Australian and New Zealand governments. The future challenge is to continuously transmit information on time while updating the information.

Impact of the spread of Covid-19 infection and post-corona tourism development: The interview survey conducted by the Palau Visitor Authority in July 2020 provides information on the actual situation in the PICs. According to the results, many businesses believe that they will not continue their business without accepting tourists until around January 2021. On the other hand, they expressed their opinions that it would be better to start accepting tourists from countries with fewer infected people, that they believe inspections of tourists upon entry are necessary, and that they are willing to accept guidelines and protocols for Covid-19 control. On the other hand, ADB's "Navigating Covid-19 in Asia and the Pacific" analyzes the mitigation of the drop in the number of visitors when a travel bubble is formed. It is suggested that the formation of a trouble bubble within the region of the Pacific island countries or with major source countries can alleviate the decline in tourism.

## **Conclusions and recommendations for Part 2**

In the latter half of this study, information and data on the tourism sector in Palau were analyzed in more depth, and the direction of tourism development in Palau and actions for tourism development were discussed. The results can be summarized as follows.

### Maximizing Tourism Receipt

Palau's tourism income per tourist is half to one-third of the level of advanced areas in the Pacific Islands countries such as New Caledonia and French Polynesia. This is due to the fact that in Melanesia and Polynesia, where most tourists come from Australia, New Zealand, and France, etc., tourists' average length of stay is about 15 days, while in Palau, where most tourists come from East Asia such as Japan, Taiwan, Korea, and China, the average length of stay is about five days.

The future development of tourism in Palau should not aim to maximize the number of tourists but maximize the Tourism Receipt. In order to maximize Tourism Receipts, it is necessary to consider not only the visitor arrivals but also to increase the average length of stay and the payment amount per day in Palau.

### Lessons from the Palau Responsible Tourism Framework 2017-21

The vision, mission, and six targets & goals set forth in the Palau Responsible Tourism Framework are essential guideposts for future tourism development in this country. Specifically, the goals are to aim

for a high-end market customer base rather than just increasing the number of tourists, while taking into account carrying capacity and social environment, to involve Palau people in tourism planning and decision-making, and to benefit from tourism even those who are not directly engaged in tourism.

However, many of the "impact measures" that were set to achieve the six targets & goals have not been implemented or are in the process of being implemented. For example, the establishment of a conference organization consisting of representatives from relevant central government agencies, the private sector, and NGOs was mentioned as a means of confirming the importance of tourism development and management and the importance of cooperation between central and state governments, but this has not been realized. What Palau needs is not the creation of a new tourism development plan but the implementation of actions to make the plan a reality.

It is also necessary to make amendments based on the situation after 2016 when the Palau Responsible Tourism Framework was created. Specifically, the tourism industry should be restored as soon as possible in light of the declining trend of visitors since 2016 and the spread of COVID-19. In considering the balance between tourism development and environmental protection, the current focus should be on returning tourism to a level of around 100,000 visitors.

#### Six actions

The following six actions were proposed to maximize the Tourism Receipts and to realize the vision, mission, and six targets & goals set forth in the Palau Responsible Tourism Framework.

- Action 1: Develop onshore tourism products that contribute to increasing daily expenditure.
- Action 2: Implementation of the Long Stay programs to increase the average length of stay and Home Stay/ Home Visit programs in combination with the development of onshore tourism products.
- Action 3: Promote MICE and Workcation to increase the number of tourists and the average length of stay.
- Action 4: Prompt recovery of tourism in the post-COVID-19 period.
- Action 5: Achieve sustainable tourism development in the mid- and long-term.
- Action 6 : Establish a mechanism for stakeholder cooperation

#### Establishment of a forum for stakeholder cooperation

Among the six actions mentioned above, the establishment of a stakeholder cooperation mechanism is the foundation for the implementation of the other five actions and should be realized most quickly. Stakeholders involved in tourism include the central government, state governments, private sector, and NGOs, but the institutional design should make use of existing organizations as much as possible. For

example, the Palau Chamber of Commerce could represent the private sector working for tourism businesses.

Opportunities for stakeholder cooperation should be provided through quarterly meetings of representatives of the central government, private sector, and NGOs, quarterly meetings of representatives of the central and state governments, and quarterly meetings of representatives of NGOs, under a plenary meeting (held once a year) where all stakeholders meet. It is necessary to have organizations at various levels, such as committees where representatives of the public and private sectors involved in specific tourism product development, such as the development of onshore tourism products and the Long Stay schemes, meet as needed, and secretariats that set the agenda and coordinate participants for plenary and quarterly meetings. The secretariat, consisting of member companies of PVA and PCOC, will play a major role in setting up these organizations and in their continuous operation.

#### Application to tourism development in other island countries

In this report, the direction of tourism development and actions for tourism development were discussed with Palau as the subject, but the results of this study can be applied to other island countries. In Part 1 of the report, it was pointed out that the development potential of land-based tourism resources is a common feature of the Pacific Islands countries. Many of the island countries also have challenges similar to Palau, such as the lack of human resources and ensuring a balance between development and the environment (natural and social environment). It is hoped that the people of Palau will implement the direction of tourism development in Palau and the six actions for tourism development described in this report and that the experiences and lessons learned will spread to the surrounding Micronesian, Polynesian, and Melanesian regions.