Tourism industry in Thailand

Thailand has one of the most developed tourism markets in Asia. The 'Land of Smiles', is known for it hospitality, beautiful beaches, historical places and eco-attractions, its world-famous cuisine, good infrastructure and affordable accommodation. In 2016 Thailand welcomed a record number of 32.6 million visitors and is expected to will remain a prime tourist locations in the years to come. The sector also provides interesting business opportunities for Dutch businesses active in this sector.

The number of visitors in Thailand is expected to increase in the coming years to more than 40 million by 2020. Most visitors will continue to come from the Asia Pacific region (31.2 million in 2020), followed by European tourists (5.7 million in 2020). The number of visitors from North-America is expected to increase to 1.3 million, while the Middle East, Africa and Latin America make up for less than 2% of the total number of visitors in 2020.

Thailand's capital city Bangkok is listed in the top 10 of the world's most attractive cities to visit and saw an increase in the tourists from China, USA, India and the Middle East. The city has two airports (Suvarnabhumi Airport and Don Mueang Airport), a Skytrain (BTS), an underground (MRT) rail system and river boat services. Other established tourist destinations within Thailand are Phuket, Pattaya and Chiang Mai.

As Thailand is facing increasing competition from neighboring countries such as Vietnam and Myanmar, the Thai government has made visa procedures easier. For Chinese and Indian visitors the Thai government introduced a six-month multiple entry visa and reduced the visa-on-arrival charges. In addition, for visitors from 19 countries Thailand waived visa fees, while visitors from 52 countries, including the Netherlands, can stay up to 30 days in Thailand when entering via an international airport. Tourists entering via land border checkpoints from neighboring countries are granted a maximum stay of 15 days. These lenient visa policies make Thailand an attractive country for both long term tourism and short term visits. The the country's geographical location in the heart of mainland Southeast Asia and its relatively well developed infrastructure maks the country an important regional hub.

The tourism industry is one of Thailand's main economic sectors, accounting for 6-7% of its GDP. Revenue reached THB 2.5 trillion (USD 71 billion) in 2016, with THB 1.6 trillion coming from international markets and THB 870 billion from the domestic market. Daily tourist spending reached THB 5.100 per person last year and is expected to further increase in the coming years. The shift of focus by the Thai government to attract more 'quality' tourists and the policy to end zero-dollar tours from China will support the revenue numbers forecasted for 2017.

Infrastructure

Airports

To keep up with the rising tourist figures and to realise Thailand's ambitions to ba , the government is investing in expanding its air-

ports and building new ones. With the strategic location of Thailand being in the center of Asia, the government has made it a priority to turn the country into the logistics hub of Asia and making Bangkok an aviation hub to rivals Hong Kong and Singapore.
In June 2016 the state-owned Airports of Thailand (AOT) announced its plans to invest THB 194 billion (USD 5.5 billion) over the next 15 years to expand its airports. These include Suvarnabhumi Airport, Don Mueang International Airport, Phuket International Airport, Chiang Mai International Airport, Hat Yai International Airport and Chiang Rai International Airport. The six airports all together are expected to serve 150 million passengers by 2030. The expansions of the airports are highly needed as many have reached their maximum capacity. In 2014, Phuket airport and Don Mueang airport already exceeded their capacity, while Suvarnabhumi airport had a utilization rate of 87% in that year.

Suvarnabhumi airport, also known as Bangkok International Airport, is one of the busiest airports in the world. The airport's capacity will be enhanced from 45 million to 60 million passengers annually. Aside from lifting the capacity of passengers, a third runway will be built worth THB 19 billion. In terms of passenger numbers, the airport ranks in the top 20 worldwide. m, Bangkok's older airport, receives more than 20 million passengers yearly. The airport will expand to 30 million annually.

At Phuket International Airport a new international terminal was opened in 2016, increasing the capacity to 12.5 million passengers per year. In addition, a new international terminal is scheduled for the Royal Thai Navy-operated U-Tapao Rayong-Pattaya International Airport. The government is planning to turn the facility into a third key choice for airlines. It is expected to serve 3 million passengers by 2018.

The Ministry of Transport is also planning to build three new airports in the provinces of Uttaradit, Kanchanaburi and Sa Kaeo.

Railways

In addition to its international airports, Thailand has an extensive rail network. The country's railway network has a combined length of 4,043 km and is under provision by the State Railway of Thailand (SRT). Under the Thai Transport Infrastructure Development Plan 2015-2022, single tracks will be upgraded or transformed into double/triple tracks, which will enable trains to travel faster. In addition, plans have been developed for a modernized connection between Bangkok and Chiang Mai and a new light railway system in Phuket. The construction of this light railway system will start this year and will connect Phuket international airport with various tourist destinations on the island. Other projects include a high speeds railway between Bangkok – Hua Hin and Bangkok – Rayong.

The Thai government is also in dialogue with the Chinese government for the construction of a high-speed 873 km line through Laos. The high speed line will mainly transport Chinese tourists, manufactured goods from China and agricultural goods from Thailand.

In 2012, the Mass Rapid Transit Authority of Thailand (MRTA) announced plans to develop six additional lines on Bangkok's urban railway system. The six lines are expected to cover a distance of 200 km and require a combined investment of THB 600 billion between now and 2020. One new line already entered in service in August 2016. The 34.5 km Mass Rapid Transit Purple Line connects Tao Poomn to Khlong Bang Phai station in Bang Yai and is expected to carry around 400.000 passengers by 2019. Furthermore, the Thai cabinet approved a USD 2.5 billion project in 2015 to extend Bangkok's Sky Train elevated rail line.

Roads

Thailand has a vast road network compared to its ASEAN neighbors. Roads are the dominant form of infrastructure, covering 86% of the country, compared with 2% rail networks and 12% ports. In total Thailand has 180.053 kilometers of road networks, including 450 km of expressways.

In 2013 the Transport Ministry presented an ambitious plan to invest THB 275 billion on expanding and repairing the country's road network. The plan includes the expansion of 45 highways from two to four lanes with a combined length of 1864 km, the repair of 235 main routers with a combined length of 2,162 km, the development of new motorways to Bangkok with a combined length of 326 km and the development of 11 transnational highways with a combined length of 292 km. In addition, the plan includes the development of a 159 km highway to link key transport hubs, such as Suvarnabhumi Bangkok International Airport, Laem

Chabang port and the Chiangsan port.

To realize these desired projects, THB 40 billion will be borrowed internationally by the Thai government. Furthermore, there road projects aimed at linking Bangkok with the neighboring provinces are planned. In March 2014, the Expressway Authority of Thailand looked into the extension of the toll road between Bangkok and Ayutthaya province, which should be completed by 2018.

Ports

Thailand has a relatively developed port infrastructure and provides a feeder service to neighboring states. The country has seven international ports and 242 domestic ports. The major maritime ports are owned by the Ports Authority of Thailand, which co-manages the facilities with private sector port operators Hutchinson Ports Thailand and PSA International.

Additionally, Thailand has long-term tourism potential as a sourcing and destination market for maritime tourism. The country has become a focal point for the superyacht cruising and yachting industry in Asia. About 100.000 cruise visitors are recorded per year and major cruise liner companies have shown their interest to use the ports of Thailand as their maritime tourism hub. However, the current eleven standardized marinas - five of which are located on the coast of the Gulf of Thailand and six on the Andaman Sea coast - are not sufficient for serving the increasing yachts and pleasure boats in the near future. Therefore, the Thai Cabinet approved in 2015 a proposal by the Ministry of Transport to develop ports and facilities for yachts and cruise ships. According to the Thai Cabinet, there are 33 potential locations where ports could be developed on the coasts of the Andaman Sea and Gulf of Thailand. Phuket will be the testing ground as it is the first and the most obvious stop-off point for all the big boats coming to Asia from the Mediterranean via the Gulf of Thailand, the Indian Ocean and the Maldives.

In addition, the authorities of Thailand and Myanmar are exploring the opportunities for a sustainable development model to promote maritime tourism in the Andaman Sea, especially in the Thai provinces Phuket, Phang Nga, Krabi, and Trang and Myanmar's coastal town, Myiek in the Tanintharyi region. By 2022, new ports in Krabi and Samui should attract more international cruise liners. A special task force with officials from different ministries has been formed

to invent viable suggestions for changes to visas and yacht-charter regulations to help boost marine tourism in Phuket.

Hotel industry

Thailand has a well-developed hotel industry. Strong growth rates in the tourism industry have resulted in major investments in the country's hotel industry, particularly in the high end of the market. Today, most investment opportunities in the hotel industry can be found in areas outside the main tourist hubs. Additional opportunities can be found in upcoming destinations such as Koh Lak, Krabi and Koh Samui.

Key players in Thailand's hotel industry include Accor, Inter-Continental, Starwood and Marriott. The country has also established domestic hotel groups with a high degree of brand recognition, such as Centara Hotels and Resorts, Dusit International and Minor International.

Thailand mostly attracts short haul visitors from neighboring countries, for whom the country is a popular weekend break destination. Therefore, the average length of stay in Thailand is relatively low with only 2.8 nights. In the period 2017-2020 the average length of stay is expected to grow by 6.2%. In the same period the total number of hotel rooms is expected to grow with of 5.4% per year and the number of hotels and establishments to rise to 15.571. The hotel occupancy rate is expected to remain steady at 63% until 2020. New forms of accommodation, such as Airbnb, receive a higher average length of stay of 7 nights. However, the occupancy rate is significantly lower than hotels. In this regard, new types of accommodation such as Airbnb do not form a threat to the conventional hotel business.

Favorable government policy

In July 2016 the Tourism Authority Thailand (TAT) released its Market Plan 2017. This Plan is in line with the Thailand 4.0 strategy, which aims to transform the country into a value-based economy through innovation, knowledge, technology and creativity. The TAT Market Plan 2017 aims to turn the country into a sustainable tourist destination where quality is preferred over quantity. The aim is to promote Thailand as a 'Preferred Destination' that will attract qua-

lity leisure tourists from around the world by incorporating Thai culture into tourism promotion. Both on international and national level, Thailand is positioning itself as the tourism hub of Southeast Asia by promoting new markets as well as the niche markets, such as the medical, wellness, honeymoon and sports market.

At the same time, domestic travelling for Thais is heavily encouraged by the Thai government as the outbound travel market is relatively low due to the low household income level. Domestic spending on hotels and restaurants – in particular from the country's middle class - is expected to increase between this year and 2020.

Business tourism

Besides leisure tourism, business tourism to Thailand has been on the rise as well. Business travel spending accounted for 23.4% of the travel and tourism industry's contribution to GDP in 2015, which was valued cumulatively at USD 1.1 trillion for the year, according to data from the World Travel & Tourism Council (WTTC). While traditional business travelling is declining due to new communication technologies, the MICE (Meetings, Incentives, Conferences, and Events) industry has become more important.

The MICE industry has five officially designated MICE cities: Bangkok, Pattaya, Chiang Mai, Phuket and Khon Kaen. Thailand has a reliable reputation within the MICE industry. Only the political unrest in 2008 and 2014 caused a decline within the industry with fewer events being organized. In 2016, over THB 140 billion revenue was generated from MICE tourism. The TCEB plan, running from 2016 to 2020, includes several incentives to attract further investment in MICE at both the national and regional levels. One of these incentives is the "Convene in Paradise" campaign which provides up to THB 1 million in support of conventions related to the five core industries: health and wellness; energy; food and agribusiness; infrastructure and logistics; and automotive and electronics. To qualify, the convention needs to last at least two full days and attract a minimum of 500 international delegates.

Medical tourism

Thailand is one of the world's leading medical hubs. The country is recognized as one of the foremost destinations in the world for low cost, and increasingly, high quality treatment with a growing number of hospitals gaining international accreditation. Its well-equipped hospitals offer a wide variety of services and attract yearly over 1.5 million foreigners for medical treatment. Medical tourism makes up for 0.4% of Thailand's GDP and generated THB 107 billi-

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on in revenues in 2014. Most foreign patients are coming from Southeast Asian countries with less-advanced medical technology such as Myanmar, followed by medical tourists from the Middle East.

Medical tourists come to Thailand for a wide variety of treatments. Aside from medical treatments and curative medicines, the country is also popular for health and wellness checks, massages and traditional medicines. Medical and health tourism are key components of the market strategy plan of 2017 to increase the numbers of tourism and spending in Thailand. To stimulate this sector and attract more tourists, the staying period for medical treatment for patients from China, Laos, Cambodia, Myanmar and Vietnam has been tripled to 90 days.

Trade fairs

A wide variety of regional and domestic trade fairs is organized in Thailand throughout the year. At several of these exhibitions, the Netherlands Embassy organizes events, such as a Holland pavilion or networking event. Please contact us for more information on relevant trade fairs and Embassy events.

- Thai Travel Fair: www.titf-ttaa.com
  Bangkok, February 2018
- Hotel Management Summit: www.questexevent.com/HotelManagementSummit/2017/thailand
  Bangkok, 25 May 2017
- ASEAN Tourism Forum 2018: http://atfthailand2018.com/
  Chiang Mai, 22-26 January, 2018

Relevant contacts

- The Board of Investment of Thailand (BoI): www.boi.go.th
- The Netherland-Thai Chamber of Commerce (NTCC): www.ntccthailand.org (Tourism Working Group)
- MKB Thailand: http://mkbthailand.com
- Tourism Authority of Thailand: www.tourismthailand.org
- Thailand Convention and Exhibition Bureau (TECB): www.businesseventsthailand.com
- Thai Ministry of Tourism and Sports Thailand: www.mots.go.th