

# Japan's triple disaster impacts domestic and global tourism

By James Chen

**ON** 11 March 2011, an earthquake measuring 9.0 on the Richter Scale literally rocked the world of Japan, and what ensued was a disaster of epic proportions. The resultant tsunami killed more than 18,000 people and ravaged northeastern Japan. The Fukushima Dai-ichi Nuclear Power Plant was badly damaged by a mammoth tsunami, rocked by hydrogen explosions that followed and become highly radioactive.

Latest reports say that Japan may have lost the race to save the nuclear plant. Quoting experts, UK Daily The Guardian reported that the reactor's radioactive core appears to have possibly melted through its containment vessel onto a concrete floor, raising fears of a major release of radiation at the site.

The situation in Japan seems to be escalating on a daily basis with no signs of abating. However, based on the current status, Japan may need five years to rebuild from the catastrophic earthquake and tsunami that has caused up to US\$235 billion of damage, reported the World Bank. The March 11 disaster will also likely shave up to 0.5 percentage point from the country's economic growth this year as damage to housing and infrastructure has been unprecedented, the bank said in a report.

The bank cited cost to private insurers hitting as high as US\$33 billion. It said the government will have to spend US\$12 billion (A\$11.68 billion) on reconstruction in the current national budget and "much more" in the next one.

## Japan's tourism industry blown to pieces by brutal tsunami

The beach resort of Okumatsushima was once a thriving stop on the Japanese tourist trail the tsunami virtually wiped off the surface of Japan. On March 11 the town felt the full force of the tsunami that raced in from the sea after the 9.0 magnitude earthquake, destroying buildings, jobs and ultimately lives. The town's tourist industry was likewise inundated by the huge waves that swept inland.

Okumatsushima is not alone in the tsunami's devastation. Japan's tourism industry in its entirety is staggering under the effects of the nuclear emergency at Fukushima. Drove of foreign tourists have cancelled trips because of fears over the radioactive fallout from the crippled plant. In Tokyo, the Agence France-Presse reported that hotels have emptied and

said the drop in visitor arrivals from Japan would be brief with near-term arrivals from Japan likely to drop five to 10 per cent.

According to The Cutting Edge News, Governor Neil Abercrombie predicted the economic consequences would be severe for Hawaii. "It's going to be terrible. It's going to be rough," he said following the quake. Underscoring

that Hawaii is heavily dependent on Japanese visitors, State Representative Marcus R. Oshiro, said that US\$15 to \$20 million in state revenues lost just from that tourist market. "Visitor arrivals from Japan, Hawaii's second-largest tourist market outside North America, dropped 86 percent immediately following the 9.0 earthquake on March 11, according to worldwide media reports. Most of the cancellations came from group tourism, including business meetings and incentive travel.

In the Asian region, The New Straits Times reported that Sabah's tourism may take a hit this year in the wake of Japan's tsunami and earthquake disaster. The state saw around 26,645 Japanese arriving last year out of 795,953 international tourist arrivals. Tourism, Culture and Environment Minister Datuk Masidi Manjun said the number was expected to drop with Japan recovering from the catastrophes.

The Japan's triple catastrophes have hit tourism in Indonesia's Bali resort island. The Jakarta Globe reported Chinese have overtaken

Japanese in the second rank of visitor arrivals. Bali tourism agency head Ida Bagus Subhiksu, said "The number of Japanese tourists in Bali had already declined since the financial crisis in 2008, but since the disaster the number has declined further. About 1,200 hotel room reservations had been cancelled since the March 11 earthquake, mostly by Japanese tourists. Flag carrier Garuda Indonesia said it planned to cut flights from Bali's Denpasar airport to Japan due to falling demand.

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some have even shut down as foreigners flee the country, domestic tourists stay home and businesses are putting meetings on hold as the nuclear crisis remains unresolved. The mass cancellations will no doubt have a big impact on Japan's plans to draw 11 million tourists this year. Last year, the country received 8.6 million visitors.

## Aftershocks of the disaster felt in global tourism markets

The unfortunate disaster in Japan is likely to impact international tourism markets. Guam Visitor's Bureau general manager Gerry Perez,

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The Nation in Thailand reported that the travel business in Thailand is likely to suffer a negative impact over the next three to six months as Japanese tourists defer plans to come here, while Thais are likely to travel to other countries for fear of being caught in another quake. Anake Srishevachart, president of the Thai-Japan Tourism Business Association, said arrivals from Japan would experience a negative impact this year over three to six months from now, between April to December.

Meanwhile in Vietnam, strong adverse impacts are likely to be seen in Vietnam's tourism sector, reported the Vietnam Economics Times citing statistics from the Vietnam National Administration of Tourism (VNAT) that ranks Japan third among the top 10 countries after mainland China and South Korea in terms of tourist arrivals. More than 400,000 Japanese tourists visited Viet Nam last year, and this was expected to rise to 500,000 this year.

In Singapore, The Straits Times reported repercussions of the Japanese disaster are being felt here, with a declining number of Japanese tourists. However, it is not known yet how big an

impact the Japanese earthquake and tsunami will have on tourist arrivals in Singapore. Singapore Tourism Board (STB) chief executive Aw Kah Peng said, "we cannot be certain at this point" about the hit on its forecasts for this year. The STB forecasts 12 million to 13 million tourists and spending some USD17.39 billion this year. Last year, Japan accounted for some 529,000 of the record 11.6 million tourist arrivals, ranking it the seventh-largest source of visitors.

Bucking the trend though is Air Asia's Maverick Tony Fernandes, who was unusually bullish. He said that he expected Japan's tourism trade to bounce back from the quake-tsunami disaster and was looking to open more routes to the country. He said, "We see this as a minor blip, one of the hundreds of blips that happen in the travel business."

The demise of Japan's tourism sector could actually be China's gain. A report released by the Boston Consulting Group (BCG) has claimed that China is expected to become the world's second-largest travel and tourism market by 2013. The China Daily quoted the report as saying that China, which currently accounts for six per cent of revenue from global tourism, will increase to eight percent in 2013 and 14 per

cent in 2020. This sentiment has been somewhat echoed by the Pacific Asia Travel Association (PATA). It cited a limited impact of a weakening Japanese outbound market, as China is one of the new engines of growth for tourism on the Asian continent.

### The different hospitality groups on Ground Zero

A spokesperson from Starwood Hotels & Resorts mentioned that they were fortunate that none of their hotels in Japan suffered structural damage, and their guests and associates are all accounted for following the earthquake and tsunami. The Accor Group emerged from the disaster relatively unscathed. Evan Lewis vice president Communications - Asia Pacific said, "All of our nine hotels throughout Japan have traded throughout, although the priority was on guests in house and employees issues with transport disruptions and communication difficulties. Minor building issues were experienced, at a few hotels although none of the minor damage was significant or created structural issues. Accor is accepting cancellations and amendments without penalty for guests that wish to make changes to their travel plans." ■

## Hospitality industry closes ranks to rally behind Japan

The different Hospitality Groups look to unite in their efforts to help the victims of the earthquake.

Swissôtel Nankai Osaka has set up a donation box at its lobby where proceeds will go towards earthquake relief. Around the region, Swissôtel Nai Lert Park, Bangkok and Swissôtel The Stamford, Singapore both organized charity dinners in which proceeds will be given to their respective country's Japanese Embassies.

According to Ian Wilson, general manager and regional vice president Asia of The Fairmont Singapore, Fairmont Singapore, the staff of RC Hotels, which manages Fairmont, contributed donations in excess of SGD18,900 Singapore dollars. These funds are also pledged to the Japan Disaster 2011 fund.

Meanwhile across Hilton Worldwide, there are numerous disaster relief activities taking place. Said Martin Rinck, president of Hilton Worldwide Asia Pacific, "We have made an initial donation of US\$75,000 to assist in relief efforts for survivors of the earthquake and tsunami in Japan. In addition, the company has created matching gifts programs for both its team members and guests who are members of the Hilton HHonors program, through which the company will match donations dollar-for-dollar up to an additional US\$350,000. The goal of these efforts is to raise over US\$750,000

to support disaster relief and humanitarian organizations, including the American Red Cross, International Federation of the Red Cross and Red Crescent Societies (IFRC), International Medical Corps, Mercy Corps and Save the Children. Our team members outside of Japan are also taking their initiative to raise funds in addition to our corporate initiative. We will continue to assess the situation on the ground and provide ongoing assistance as required to meet Japan's immediate needs and to support its long-term recovery."

The Accor Foundation from the Accor Group has made a donation of 20,000euros to Kokkyo naki Kodomotachi (KnK) towards helping to provide relief supplies for children to the areas most affected by the disaster.

Far East Organization's Japanese Restaurant will donate a month's dinner revenue to Japan's Disaster Fund. Kumo Japanese Kaiseki restaurant has pledged to donate all of its dinner takings for the month of April to help victims of the Japan earthquake and tsunami. 100 per cent of Kumo's dinner takings from 1st to 30th April will be donated to the Red Cross Japan Disaster fund.

The amount raised will be matched dollar-for-dollar by Far East Organization. Far East Organization earlier donated \$250,000 in March through the Singapore Business Federation to help

with the relief efforts in Japan. A further \$200,000 was raised on 25th March 2011 for the Singapore Red Cross relief fund through contributions from staff and contractors with equal matching by Far East Organization.

Singapore's Integrated Resort, Resorts World Sentosa has also joined in the fund raising bandwagon for Japan. Days after the disaster struck of Japan's northeast coast, the management at Resorts World Sentosa sprung into action to rally its 130,000-strong staff to do their part to aid in disaster relief effort. Resorts World Sentosa conducted an in-house donation drive, which is still going on, and the funds raised will be donated to the Red Cross's relief efforts in Japan.

A herculean effort is required in the rebuilding of Japan with the mammoth amount of destruction caused by the killer tidal waves. However, the country can at least be assured of the unwavering support from the international hospitality community, which was encapsulated by the words of Aiden McAuley, regional vice president, Asia Pacific, Swissôtel Hotels & Resorts, "We are deeply saddened by this tragedy that has struck. But we have witnessed how the Japanese people have remained resilient and are confident that their fortitude will be essential in rebuilding the economy." ■