

Thailand's Tourism Crises: Challenges for ALL

Anan Wattanakuljarus*

Abstract

In June 2010, the Minister of the Ministry of Tourism and Sports (MOTS) of the Royal Thai Government received a special assignment to propose suitable measures for impacts mitigation and image recovery for Thai tourism industry as a whole. The Minister of MOTS began analyzing tourism statistics and surveys and synthesizing numerous attitudes from public and private tourism-related organizations in order to understand the overall tourism performance, the underlying impacts of tourism crises, and the challenges against tourism image. With all necessary efforts, the Minister of MOTS must come up with appropriate measures for Thai tourism industry under the crisis situations.

The case conveys a brief review of the past crises in a sequence, starting from the 9/11 terrorist attacks, the Iraq war and the SARS epidemic, and the avian flu and the tsunami. The latest tourism crises, challenges for all, are then presented in order from the World economic crisis (the oil price crisis and the Hamburger Crisis), to the 2009 influenza, and the political disturbances. Strategies employed by the MOTS are illustrated. The economy-wide impacts of the latest crises and the impacts on the image of Thailand are presented.

* This case study was written by Assistant Professor Dr. Anan Wattanakuljarus of the Faculty of Development Economics at the National Institute of Development Administration (Thailand) and is based on a combination of field and archival research. NIDA cases are developed solely as the basis for class discussion, and are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective administration or managerial practice. Copyright©2011 by National Institute of Development Administration and Dr. Anan Wattanakuljarus.

To order copies or request permission to reproduce materials, call (662) 727-3188 or go to <http://www.nida.ac.th> or e-mail to ontanan@yahoo.com. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means – electronic, mechanical, photocopying, recording, or otherwise – without the permission of the National Institute of Development Administration.

The case leaves the analyst with several questions, issues, and lists of six measures to ponder and resolve. What are the major differences between the past crises (before 2008) and the latest crises (during 2008-2010)? What were the underlying impacts of the latest crises on the economy as a whole, the tourism industry, and the image of Thailand? Which of the six alternative measures should the Minister of MOTS put in the proposal to the Cabinet? Why?

Keywords: Tourism Crises, Tourism Image, Economic Impacts, Impact Mitigation, Thailand

วิกฤติการณ์ท่องเที่ยวไทย – ความท้าทาย สำหรับทุกภาคส่วน

อนันต์ วัฒนกุลจารุส

บทคัดย่อ

ในเดือนมิถุนายน 2553 รัฐมนตรีว่าการกระทรวงการท่องเที่ยวและกีฬาได้รับมอบหมายให้พิจารณาต่างประเทศที่เหมาะสมเพื่อบรรเทาผลกระทบและฟื้นฟูภาพลักษณ์ของการท่องเที่ยวไทยที่ต้องเผชิญกับวิกฤติการณ์ซ้ำแล้วซ้ำเล่ามาอย่างต่อเนื่อง รัฐมนตรีเริ่มต้นวิเคราะห์ข้อมูลสถิติและการสำรวจเกี่ยวกับการท่องเที่ยวไทยที่ผ่านมา อีกทั้งสังเคราะห์ความคิดเห็นของหน่วยงานภาครัฐและเอกชนที่เกี่ยวข้องกับการท่องเที่ยว เพื่อให้เข้าใจถึงผลการดำเนินงานที่ผ่านมาทั้งหมดของ การท่องเที่ยวไทย ผลกระทบที่เกิดขึ้นของวิกฤติการณ์ท่องเที่ยวไทย และสิ่งที่บันทอนภาพลักษณ์ของการท่องเที่ยวไทย รัฐมนตรีพิจารณาทุกวิถีทางเพื่อให้ได้มาตรการที่สามารถนำไปปฏิบัติใช้งานได้อย่างเหมาะสมท่ามกลางวิกฤติการณ์ที่เกิดขึ้นกับการท่องเที่ยวไทยในขณะนี้

กรณีศึกษาได้เล่าถึงวิกฤติการณ์ท่องเที่ยวไทยที่ผ่านมานับตั้งแต่เหตุการณ์วินาศกรรม 9-11 สองครั้งในอิรัก โรคระบาดทางเดินหายใจเฉียบพลันรุนแรง โรคระบาดไข้หวัดนกและคลื่นยักษ์สีน้ำเงินมหาสมุทรอินเดีย จนกระทั่งถึงวิกฤติการณ์ล่าสุดอันเนื่องมาจากวิกฤติเศรษฐกิจโลกตกต่ำพร้อม ๆ กับวิกฤติราคาน้ำมันแพง โรคระบาดไข้หวัดใหญ่สายพันธุ์ใหม่ปี 2552 และเหตุการณ์ความรุนแรงทางการเมืองในประเทศไทย กรณีศึกษายังได้นำเสนอกลยุทธ์ที่ผ่านมาที่ทางกระทรวงการท่องเที่ยวและกีฬาได้นำมาใช้และได้ให้ข้อมูลเกี่ยวกับผลกระทบต่อเศรษฐกิจไทยในวงกว้างและผลกระทบต่อภาพลักษณ์ของการท่องเที่ยวไทย

กรณีศึกษาได้ทิ้งท้ายด้วยคำมั่นและประเด็นที่น่าสนใจต่อไป เพื่อให้ผู้อ่านได้วิเคราะห์และขับคิด เช่น อะไรคือความแตกต่างที่สำคัญระหว่างวิกฤติการณ์ท่องเที่ยวไทยก่อนปี 2551 และในช่วงปี 2551-2553 อะไรคือผลกระทบที่สำคัญของวิกฤติการณ์ล่าสุดที่มีต่อเศรษฐกิจไทย การท่องเที่ยวไทย และภาพลักษณ์การท่องเที่ยวไทย เป็นต้น นอกจากนี้ กรณีศึกษายังได้เสนอทางเลือกที่เหมาะสมสำหรับเป็นจำนวนหนทางเลือกเพื่อให้ผู้อ่านได้ทำการวิเคราะห์และเสนอแนะทางเลือกที่เหมาะสมสำหรับเป็น

มาตรการที่รัฐมนตรีว่าการกระทรวงการท่องเที่ยวและกีฬาควรนำเสนอให้กับคณะกรรมการต่อไปและเพราระยะไร

คำสำคัญ: วิกฤติการณ์ท่องเที่ยว ภาคลักษณ์การท่องเที่ยว ผลกระทบทางเศรษฐกิจ การบริการ ผลกระทบ ประเทศไทย

In June 2010, the Minister of Tourism and Sports of the Royal Thai Government received a special assignment concerning how to rejuvenate the all-important tourism industry in Thailand – an industry that had suffered a series of damaging shocks over the course of the past several years. More specifically, the Cabinet had instructed the Minister to devise and propose suitable measures to mitigate the cumulative negative impacts of these serial crises and to restore the highly positive image of the Thai tourism industry that had prevailed for over 80 years up until the first decade of the 20th century.

For several decades, the Thai tourism industry had been an important mainstay of the Thai national economy. As the largest employer and the largest source of foreign exchange, the tourism sector directly and indirectly touched the lives of one in every ten. However, beginning with the terrorist attack in the U.S on September 11, 2001, the industry had encountered setback after setback, never fully recovering from the previous blow before a new one landed. By mid 2010, the industry had not only suffered a loss in revenues of some 70 thousand million Baht and 100 thousand employees, but was also afflicted with an increasingly negative global image. The civil disturbances of April and May 2010, in particular, had significantly tarnished the country's image as the one of the world's top holiday "destinations of choice," precipitating a dramatic decline in tourist arrivals and tourism revenue, as a number of foreign governments issued travel advisories cautioning their citizens against non-business travel to Thailand.

It was largely in consequence of this latest blow to the industry that the Cabinet, in response to the desperate pleas of many entities in the tourism sector, had decided that the matter of how to resurrect both the tourism sector and the country's image in tourist circles deserved urgent, focused attention. Thus, it was that the burden of developing a strategy with which to affect a turnaround in the tourism industry and country image fell upon the Ministry of Tourism and Sport (MOTS). The requested revitalization strategy was to be ready for presentation to the Cabinet by the end of June 2010. The eyes of the Cabinet and, indeed, all those involved in tourism, were upon the Minister and the MOTS as they set about deciding how to accomplish their mandate.

Tourism in Thailand: A Brief Historical Sketch

From Railway to Tourism Promotion¹

Officially, the tourism sector in Thailand was deemed to have been launched during the reign of King Chulalongkorn², when Krom Phra Kambaengbejra Agrayodhin³, afterward Commissioner General of the Royal State Railway of Siam,⁴ sent publicity materials on Thailand to the United States. In 1924, a publicity section was established under the Royal State Railway of Siam. Its major obligation was to provide reception and facilitation services to international visitors and manage publicity campaigns.

In 1936, 12 years later, the Ministry of Economic Affairs proposed to the Cabinet a tourism promotion plan in order to expand the scope of tourism operation. The plan aimed mainly at the systematic management and development of publicity, tourist facilitation, destinations and accommodation. The Department of Commerce was consequently handed the portfolio for tourism affairs, although a contemporaneous proposal to establish an independent tourism entity was not approved.

With the outbreak of World War II, tourism promotion endeavors came to a complete halt, but resumed shortly after the War ended. In 1949, tourism affairs were transferred from the Ministry of Commerce and Transport to the Publicity Department under the Office of the Prime Minister, and then renamed the Office for the Promotion of Tourism. Due to the rapid expansion and growing awareness of tourism, the Publicity Department upgraded the office to a regular division called the Tourism Office.

During a sick-leave trip to the U.S. in 1959, Prime Minister Field Marshal Sarit Thanarat,⁵ impressed by the American tourism accomplishment, announced a Royal Decree to reorganize the Publicity Department and a Royal Decree on the Establishment of the National Tourist Office. Thus, after 35 years of evolution, the Tourism Office was replaced by an independent entity -- namely, the Tourist Organization in 1960, then Tourist Organization of Thailand (TOT) in 1963.

From Outbreak of Cold War to Origin of Tourist Hot Spot⁶

In 1960, fewer than 100 thousand international tourists visited Thailand. But during the 1960s, with the onset of a stable political atmosphere in Thailand, the development of international air transportation,

the expansion of the hotel and retail industries, the rising standard of living, and the more efficient commercial transportation, Thailand emerged as one of the major tourist destinations in Asia.

In addition, the spectacular boost in tourist arrivals and dramatic growth of the tourism industry in Thailand in the 1960s were also due to the interruption of the erstwhile Cold War by U. S. intervention in the Vietnamese civil war during 1959 through 1975. Over the course of that intervention, Thailand was first introduced to the world market as a major base for U.S. troops and airfields, as well as a Rest and Recuperation (R&R) center for war-weary U.S. soldiers stationed at the Thai border to counteract Communist attacks. Unfavorably, it was Thailand's status as a major host for U.S. bases and airfields and regular R & R destination for U.S. military personnel during the war that presaged the rise of the so-called sex-tourism industry and sex-politics that produced a lot of prostitutes in Thailand.

By 1967, international tourist arrivals had grown from less than 100 thousand in 1960 to more than 330 thousand, plus about 54 thousand R&R soldiers. Afterwards, national tourism promotion rapidly expanded and concentrated mostly on publicity campaigns. The ever-widening scope and importance of tourism activities brought about the necessity of instituting operations on systematic development and conservation of the country's tourism resources. Thus, in 1979, the TOT was replaced by the Tourism Authority of Thailand (TAT).

With the establishment of the TAT, the Thai Government increasingly paid such intense attention to the development of tourism promotion that beginning with the fourth National Economic and Social Development Plan for 1977-81, a tourism development plan became an integral component of every subsequent plan.⁷ From 1987 onward, the Thai Government had launched a series of tourism promotional programs -- from "Visit Thailand Year", to "Thailand: the Gateway to Indochina", to "Amazing Thailand", to "Unseen Thailand". Some of these initiatives originated to celebrate special occasions and/or to improve economic conditions.⁸

Thus, the tourism industry in Thailand had evolved greatly over the 80-year period from the sending of the first publicity materials on Thailand to the U.S. in 1924, to the arrival of the first U.S. troops for R&R purposes in 1960s, and to the first-ever filming of a U.S. movie – "The Man with The Golden Gun" of the James Bond series – that was shot in the southern provinces of Thailand in 1974. From its humble origins in an informational letter, the industry had grown continuously and

impressively, from only 2 million visitors in 1981 to nearly 10 million visitors in 2000 generating revenues of more than 285 thousand million Baht (see Exhibits 1 and 2). Each tourist stayed in Thailand for 7.77 days on average. In 2000, 60% of the tourists came from East Asia, with Japanese and Malaysians being the two largest groups of tourists. Nearly 30% were Western tourists -- mainly, American, English, German, French, Swedish, Dutch, and Italian nationals (see Exhibit 3).⁹

Contribution of the Tourism Industry in Thailand

By the year 2000, international tourism had become Thailand's largest export industry. Sales of tourism goods and services to foreign visitors averaged 10.2 billion USD (12% of total exports) in 1998-2005 on more than 10 million annual visitor arrivals, while exports of computers and electronic parts earned about 8.5 billion USD. In the same period, the tourism industry in Thailand *directly* and *indirectly* accounted for 13% of GDP, 10% of employment (3 million jobs), 12% of investment, and 3% of total government budget expenses.¹⁰ Given these large economic contributions and intersectoral dependences upon tourism, any external shocks that affected tourism in Thailand could have considerable economy-wide effects. It was therefore deemed vital that the tourism sector have its own arms and legs under the official ministry, the Ministry of Tourism and Sports (MOTS).

Ministry of Tourism and Sports of Thailand (MOTS)

The Ministry of Tourism and Sports (MOTS) had been established in 2002, and, in principal, was tasked with the duties and responsibilities for the promotion, support, and development of the tourism industry, sports, sports education, and others as specified by the law. Specifically, the major tasks covered:¹¹

- (i) Registration or certification of tourist businesses and guides:
 - The issue of permits, extension of permits, suspension of permits, and termination of permits, certification of duplicate copies of any other documents related to the tourism business operators or guides.
- (ii) Setting standards for tourist attractions or sites, tourism products and services:
 - Promoting awareness and encouraging tourism business operators and guides to adopt professional standards,

methodology and practices in accordance with the Tourism Business and Tour Guides Act and other Ministerial Decrees issued thereof.

- (iii) Responsibility for the inspection and control of tourism business operators, places of business and guides to ensure compliance with the Tourism Business and Tour Guides Act.
- (iv) The conduct of legal proceedings in cases of misconduct or infringement of the law.¹²

There were two major entities in the ministry: the Tourism Authority of Thailand (TAT) and the Office of Tourism Development.

Tourism Authority of Thailand (TAT)

Following the establishment of MOTS, some responsibilities that had heretofore been under Tourism Authority of Thailand (TAT) were transferred to the Office of Tourism Development (see below). In general, TAT's scope of work focused on marketing Thailand to the world market as a "must-visit" tourist destination and promoting its tourism industry, domestically and internationally, through destination marketing campaigns, advertising and public relations, marketing and sales promotions, and participation in international travel trade shows.¹³ The vision of TAT was to "strive for excellence in tourism promotion and tourism market development". The corresponding missions of TAT were the following. (The range of strategies to accomplish the missions is described in Exhibit 4.)¹⁴

- (i) Support the establishment of policies and a master plan for national tourism development and promotion.
- (ii) Formulate and implement proactive marketing strategies that encourage visitors' decision making in favor of Thailand as a destination, the better to generate greater income from the tourism industry.
- (iii) Promote and develop domestic tourism by encouraging Thais and expatriates to travel more within the country.
- (iv) Develop organization and corporate governance toward management and service excellence.¹⁵

Office of Tourism Development

One of the main offices of MOTS was the Office of Tourism

Development. In general, its duties and responsibilities related to the development of service standards for tourist attractions or sites and tourism products and services offered by Thai tourism industry. Moreover, it also supported tour businesses and tour guides in achieving sustainable tourism development and generating economic, social and cultural benefits for local communities and the nation. In particular, the major responsibilities were:¹⁶

- To study, analyze, research, and compile statistics and data for tourism development in accordance with the national tourism development policy and plan.
- To establish a development plan for tourism services as well as coordinate, promote, and support the implementation of the plan.
- To establish a development plan for the tour business and tour guide registration, and to coordinate, promote, and support the operation as specified by law.
- To establish a development plan for tourist attraction sites, and to coordinate, promote, and support the implementation of the plan.
- To ensure compliance with the Tourism Business and Tour Guides Act and other relevant laws.
- To monitor and follow up on tourism development performance.
- To promote and support the movie business in both the production and service sectors, and related businesses.¹⁷

It was not long after the establishment of MOTS that the ministry had to confront several tough problems -- in particular, a series of negative external and internal tourism shocks, which threatened to bring about instability in the tourism industry and the economy as a whole.

The Longest Serial Tourism Shocks and the Instability of the Tourism Industry

At the beginning of the first decade of the 21st century, the escalating growth of the tourism industry in Thailand abruptly encountered the longest series of uncontrollable obstacles in the history of the sector. Not only did these obstacles retard the sector's growth, they also afflicted the stability of the industry from that time forward. The shocks to the tourism industry began with 9/11 terrorism in 2001, followed in rapid succession by: the Iraq War and SARS epidemic in 2003; the avian flu and the tsunami disaster in 2004; the oil price crisis, the global financial crisis and economic

slowdown during 2007-2010; the H1N1 influenza and the country's own political turmoil in 2009; and, the latest civil disturbances in 2010.

2001: The 9/11 Terrorist Attacks

In the morning of September 11, 2001, Al-Qaeda terrorists hijacked four commercial aircrafts and deliberately crashed two planes into the Twin Towers of the World Trade Center in New York City, the another plane into the Pentagon in Arlington, Virginia, and the last one into a field near Shanksville in rural Pennsylvania. There were a total of 2,996 deaths, including the 19 hijackers and 2,977 victims.¹⁸

After the incident, security at many airports worldwide was escalated in order to lower the probability of similar events. Travelers and tourists around the world were highly concerned with their safety and were afraid to travel outside their home countries. As a consequence, the number of international arrivals to Thailand in September, October, and November, 2001 fell by more than 63 thousand, or 2.68%, compared to the same period in 2000, causing a loss in revenues around 2,400 million Baht (see Exhibits 1 and 2).

To recover, the Thai government took advantage of a barrage of new changes in airport security that were implemented around the world. That is, limitations on restricted items, identification checks, more stringent visa regulations, improved security screening, and improved security on aircraft¹⁹ – all of these factors led to a dramatic decline in the numbers of international travelers and tourists visiting the U.S. and Western countries. Under these circumstances, the Thai government saw an opportunity to capture visitors, and thus ran intensive marketing programs especially in the U.S. and other Western markets, among others, specifically emphasizing the safety of travelling and visiting Thailand, thereby rejuvenating the confidence of prospective visitors. As a result, number of international arrivals to Thailand increased impressively beginning in December 2001 and extending into the following year but dropped dramatically once again in March 2003 when the Iraq War and SARS epidemic triggered another round of tourism shocks.

2003: The Iraq War and the SARS Epidemic

On March 20, 2003, a multinational force led by troops from the U.S. and the U.K. began the invasion of Iraq with the allegation that Iraq possessed weapons of mass destruction (WMD) and posed a threat to their security.²⁰ Consequently, travelers and tourists, worried about their

safety and terrified to travel around, opted to postpone or cancel their trips ahead of the outset of the war.

Meanwhile, on the other side of the world much closer to Thailand, the epidemic of SARS (Severe acute respiratory syndrome), that originated in China in November 2002, spread rapidly to other countries and regions within a few months. According to the World Health Organization (WHO), there were 8,273 SARS cases, 775 deaths from SARS, and 65 deaths due to other causes during 2002-2003.²¹ Although there was no single case of SARS in Thailand, the epidemic significantly affected its tourism industry (see Exhibit 5).

The combined impact of the Iraq War and SARS was to reduce international arrivals to Thailand during March through July, 2003 by over 1,130 thousand, or 26.30%, compared to the same period in 2002, making a loss in revenues of nearly 43,000 million Baht (see Exhibits 1 and 2). The greatest impacts on tourism industry occurred in May, 2003. After the Iraq War appeared to be restricted to certain areas and the SARS epidemic under control, international arrivals started rising again in August, 2003. The tourism industry in Thailand then continued growing at a regular pace until early 2004, when the avian flu was found in Thailand and again, until late 2004, when the tsunami suddenly hit the Indian Ocean coasts.

2004: The Avian Flu and the Tsunami

The outbreak of avian flu firstly took place in Thailand in two distinct periods: January-May, 2004, and July-December, 2004. However, the epidemic continued into 2005. In poultry, it was a devastating disease that potentially could be transmitted from birds to humans, and might also become a potential source of future human influenza pandemics.²² Not only had the outbreak frightened all Thai residents but also international travelers and tourists -- especially those from East Asian countries like China, Japan, Hong Kong, and South Korea, which collectively constituted a large portion of overseas arrivals. Compared to February, 2003, inbound tourist arrivals in February, 2004 decreased by more than 107 thousand, or 11.61%, causing a loss in revenues over of 4,000 million Baht over the course of just one month (see Exhibits 1 and 2).

Several basic control measures such as culling poultry flocks, restricting poultry movement, and improving hygiene were implemented. In addition, there were also a series of public awareness campaigns to educate the public on avian influenza and to reinforce consumers' confidence that poultry was safe, e.g., the "Big Cleaning Week", the prohibition of

poultry exhibition and cockfighting, and the forbidden practice of the freely grazing of ducks.²³ Later on, Thais and foreigners became more confident in the overall situation – at least until the day just after Christmas of the same year.

The earthquake in the Indian Ocean that occurred shortly after midnight on December 25, 2004, triggering a series of devastating tsunamis along the coasts and numerous islands bordering the Indian Ocean. Of the 230,000 people in fourteen countries who were killed, most were local residents and up to 9,000 foreign tourists (mostly Europeans). Coastal communities were inundated with waves up to 30 meters high. It was one of the deadliest natural disasters in recorded history. Indonesia was the hardest hit, followed by Sri Lanka, India, and Thailand. Specifically, 130,736 were confirmed death, and 37,063 missing in Indonesia; whereas, 5,395 were confirmed death, 8,457 injured, and 2,817 missing in Thailand (see Exhibit 6).²⁴

In consequence of the earthquake, the aftershocks and the tsunami, tourists hesitated to return to the affected regions for psychological reasons. Even resorts on the Pacific coast of Thailand, which were completely untouched, were hit by cancellations.²⁵ Inbound tourists declined by almost 370 thousand, or 17.44%, in January and February, 2005 compared to the same period in 2004, which represented a revenues loss of more than 14 thousand million Baht (see Exhibits 1 and 2). Once again, with the infrastructure and mental outlooks having been gradually restored to normal, tourists had begun returning to the regions again in late March, 2005. Nevertheless, two years after the tsunami disaster, harsh new waves of impediments to tourism were waiting to crash and shock the MOTS, the tourism industry, and the economy all over again.

2008-2010: A Period of Inseparably Mixed Tourism Shocks

Following this initial series of setbacks to the Thai tourism industry, three additional major shocks -- i.e., the world economic crisis, the H1N1 influenza, and the domestic political turmoil, hit the Thai economy and the Thai tourism industry during 2008-2010. This mixture of shocks was difficult for policymakers to separate and identify corresponding impacts of each individual shock. Since it affected the whole economy and society, it could be considered as challenges for all.

The World Economic Crisis: The Oil Price Crisis and the “Hamburger Crisis”

The unprecedented increases in oil prices and the so-called “Hamburger Crisis” were major components of the world economic crisis that beset the tourism industry beginning in 2008. Oil prices had climbed up from about 25USD per barrel in 2003 to over 130USD per barrel in 2008 (see Exhibit 7),²⁶ thereby sharply raising the production costs of transportation and the tourism industry, which in turn caused travelling and tourist activities to become more expensive than previously. Hence, tourists around the world reduced their long-distance travelling and visiting, choosing instead to take shorter trips within their own countries, or to destinations not too far away. Higher oil prices then negatively affected tourism industry directly and indirectly.

Before the Thai tourism sector could fully recover from the demand-depressing affects of the oil price shocks, the global economy fell into recession due to the subprime mortgage crisis in the U.S. during 2007 – 2009. Sometimes called “the Hamburger Crisis,” the U.S. real estate and financial crises had their origins in the bursting of a real estate market “bubble” that had been fed by lax mortgage lending practices, as well as outright fraud -- both of which eventually led to dramatic rises in mortgage delinquencies and foreclosures, which in turn severely undermined the entire U.S. financial system. Soon thereafter, the U.S.-originated financial stress worked its way into the interconnected world of global banking and financial markets, especially in the European countries.²⁷ The ensuing recession caused a reduction in real income and real consumption of the residents of these countries, and especially in the consumption of tourism goods and services which were considered luxuries. As a large portion of inbound tourists in Thailand was from the U.S. and the European countries, the tourism industry in Thailand was adversely affected by this Hamburger Crisis.

The 2009 Influenza or the Swine Flu

The negative impact on the Thai tourism industry was further increased with the outbreak of the 2009 influenza or the swine flu that began in Mexico in April 2009. The epidemic rapidly spread to other parts of the world, eventually leading to 96,193 cases and 933 deaths in 170 locations around the world. In Thailand, most of the 1,811 cases and 28 deaths that were reported as of July 21, 2009 (see Exhibit 8)²⁸ had occurred in and around Bangkok. Like its predecessor plagues, SARS and avian

flu, the swine flu made people around the world leery of travel and visiting other places, especially those in the affected areas, even though the WHO did not recommend closing borders or restricting travel.²⁹

Domestic Political Turmoil

From the outset of the second term of Thaksin Shinawatra³⁰ in 2005 through 2010, Thailand had been destabilized by years of political turmoil. Indeed, the history of political instability in Thailand was a long, complicated one that involved a multitude of facets ranging from stock exchange markets through to corruption, election, constitution, political party, mass demonstration, military, police, foreign affairs, local communities, mass media, social media and networking, journalism, and so forth. Neither foreigners (especially, tourists) nor Thai residents genuinely understood the multitude of interlinked facets comprising the whole situation and consequences of Thai political turmoil. However, it directly affected the tourism industry and the economy, as well as the image of Thailand.

Episodes of Mass Demonstration³¹

From 2005 onwards, increasing mass demonstrations on both sides of the political divide, anti-Thaksin and pro-Thaksin, had disrupted tourism and business activities in the country, especially in Bangkok surrounding areas. In 2008, the anti-Thaksin protesters, the People's Alliance for Democracy (PAD), held a lengthy rally at Government House during the premierships of Samak Sundaravej³² and Somchai Wongsawat.³³ Many PAD protesters were killed or injured, frequently by guns and bombs from unknown shooters, but also in their confrontation with the police on bloody October 7, 2008.

Closing of the Bangkok Airports in 2008

The mounting bloody incidents pressured the PAD to ultimately rally to the two international airports in Bangkok, Don Muang and Suwannabhumi International Airport, on November 25, 2008. As a result, the Airports of Thailand (AOT) decided to close both airports on that day. The airports were fully reopened on December 6, 2008 when the PAD suddenly ended the protests on December 2, 2008 after the constitutional court dissolved the People Power Party (PPP)³⁴ and banned several committee members of PPP including Somchai Wongsawat from public offices for five years. The closing of the airports by AOT provoked a serious tourism crisis. All flights from Suwannabhumi were cancelled. Around

3,000 passengers were stranded in the airport terminals, while over 100,000 were stranded in hotels in town. They were unsure when they would be able to leave the country. Thais staying abroad also could not return home.³⁵

The Thai government had to use U-Tapao Pattaya International Airport, 190 km. southeast of Bangkok or about a 45 minute drive from Pattaya, Thailand's most popular beach resort, to handle passenger traffic. However, it could handle only 40 flights a day compared to 700 flights at Suwannabhumi. Due to the emergency, a much smaller capacity, a shortage of staffs and facilities, its processing was slow and cumbersome. Thousands of passengers crowded into the airport's small departure hall. Some camped in its surroundings. Others were still on the long road heading to the airport. These things caused serious logistic, sanitary, and traffic problems. Meanwhile, some foreign tourists who could not leave the country were, courtesy of the Thai government, accommodated in area hotels with three meals a day without any charges during November 25 - December 9, 2008. This financial help cost about 2,000 baht (57 USD) per person per day. However, despite such assistance, most foreigners had been eager to leave the country in order to return to jobs on time and to take care of other obligations at home.³⁶

After the PAD ended the protests, the airports were cleaned, checked, opened, and reactivated in a short time. The remaining stranded passengers were cleared in a couple days. However, the damage to the Thai economy, to the Thai tourism industry, and especially, to the image of Thailand would take a longer time to undo.

Moreover, no sooner had the PAD demonstrations ceased when the fire of political turmoil was re-ignited by pro-Thaksin protesters, the United Front for Democracy against Dictatorship (UDD), allied with a pro-Thaksin political party, the Puea Thai Party (PTP).³⁷ The UDD gathered around the Government House until the situation reached a climax of political tension right before the Songkran festival in April, 2009.³⁸

Destruction of the ASEAN Summit in Pattaya and Instigation of Violence in Bangkok in 2009

A new government coalition was formed on December 17, 2008. The Democrat Party, Thailand's oldest political party, was now a leader in the government with a young Prime Minister, Abhisit Vejjajiva,³⁹ with a bachelor's degree in philosophy, politics and economics (PPE) with first class honors, and a master's degree in economics, both from Oxford University. Almost immediately, the UDD began mass rallies attacking

Abhisit's government as undemocratic and attempting to topple it down.

In its first act of protest, the UDD occupied the Victory Monument circle in the center of downtown Bangkok on April 8, 2009, causing traffic jams and affecting vast numbers of Bangkok residents. Afterward, on April 11, 2009, the UDD went to Pattaya to try to prevent the government's hosting of the 2009 ASEAN summit.⁴⁰ The failure to control the UDD in Pattaya led to the critical evacuation of several world leaders and the humiliating cancellation of a prestigious summit.

On April 12, 2009, right before the Songkran day, in downtown Bangkok, the UDD occupied several main roads and attempted to kill Abhisit Vejjajiva and to harm other officials. A state of emergency for Bangkok and surrounding areas was declared due to the heightened escalation of tensions between the protesters and the police. The UDD set fires on many buses and major streets and made threats with harmful gas trailers and weapons in several places in downtown Bangkok. The Army by the order of the government dispersed the protesters. On April 14, 2009, the protesters stopped the rallies and were sent back to their home safely by the government. One year later, however, the UDD came back for a demonstration with new strategies.

Destruction of the Business Areas and More Violence in Bangkok in 2010

Following the verdict by the Thai Supreme Court on February 26, 2010 that 46 billion Baht worth Thaksin Shinawatra's assets would be seized, the UDD returned to Bangkok *en masse* on March 14, 2010 for a fresh round of protests aimed at forcing the Abhisit government to step down and call new elections. On April 3, 2010, the UDD occupied important business areas and shopping districts in Bangkok. Abhisit Vejjajiva declared a state of emergency for Bangkok and surrounding areas on April 7, 2010. Subsequently, there were gun shots and bombings frequently outside the protest areas, killing and injuring both innocent people and armed forces. During the final crackdown from May 13 to May 19, 2010, the UDD turned violent with clashes between protesters and security forces in Bangkok, leading to the deaths of both civilians and security troops.⁴¹ Several business buildings in Bangkok, as well as a number of City Halls in other provinces, were set ablaze and in some cases burned to the ground.

This series of turbulent and violent events had a prolonged effect on the Thai economy and the Thai tourism industry. Notwithstanding the

reassurances contained in the MOTS May 26, 2010 statement to tourists and other stakeholders in the Thai tourism industry (see Exhibit 9), these events changed the image of Thailand as a peaceful and secure vacationing destination to an anarchic and dangerous one.⁴² In conjunction with the earlier-described external shocks, these episodic eruptions of political turmoil caused a sharp decline in international tourist arrivals, and therefore tourism revenues, during 2008-2010 (see Exhibits 1 and 2).

More specifically, as reported by the president of the Thai Travel Agents, the number of foreign visitors had fallen 31 percent during the first four months of 2010. However, all major markets for inbound tourism – i.e., Japan, China, the United Kingdom, South Korea, and Russia – had seen declines of between 23 and 40 percent.⁴³ Thailand's National Economic and Social Development Board (NESDB) added that the April-May violence in Bangkok had the effect of turning away millions of potential tourists, cutting revenues by 113 billion Baht (3.47 billion USD). In fact, the NESDB was predicting that there would be an overall drop of three million tourist arrivals for the whole of 2010, i.e., 13 million versus 16 million in 2009. Tourist arrivals from within Asia, they noted, had already taken a nosedive.⁴⁴

Of course, hotel occupancy rates declined along with the precipitous drop in tourist arrivals. The Thai Hotels Association noted that the average occupancy rate among its member hotels in Bangkok, Phuket, and Chiang Mai had dropped to between 30 to 35 percent, compared to the normal low season level of 50 to 55 percent.⁴⁵ Further, the vice president of the Thai Hotels Association's northern branch stated that hotel occupancy in Chiang Mai, a popular tourist city, was down to ten percent due to the belief by many that “the troubles were not over.” Tourists, he opined, were cancelling their bookings because in the view of many, with 95 percent of Chiang Mai residents being Red Shirt [UDD] supporters, the political situation remained unstable.⁴⁶

Despite the dire situation of the industry, there were those among the major industry participants who did not view substantial price concessions as the best strategy for recovery. For example, the chief executive of the Minor Group – owner of hotels (including the Four Seasons Hotel), resorts, and fast food franchises – conceded that:

There's no question that there has been a serious effect on tourism. The industry had been badly dented by media coverage of the unrest as well as travel warnings

issued by 47 countries during the protests, some of which advised against visits to all of Thailand, not just Bangkok. Directly we've seen room cancellations of 100 million Baht (3.07 million USD).

*Travelers looking for steep discounts would be disappointed. For sure there will be deals around but if you think we're going to slash the rates of our hotels, I don't think that's going to occur. We learned long ago that if you take rates down, they're going to take a long time to go up.*⁴⁷

The vice president of the Thai Hotel Association concurred. Having noted that “the average hotel-room rates in Bangkok were already lower than those in other major cities in the region,” he went on to state:

*. . . What we're considering is how we can prevent hotels and tour operators from offering foreigners further discounts. They should be trying other strategies instead of cutting prices. Cutting prices would not help operators to survive in the long term and would also damage the overall tourism industry.*⁴⁸

While the MOTS, along with many knowledgeable observers of the tourism industry, had predicted a recovery of the tourism sector during the third quarter of 2010, the strength and duration of the anticipated recovery remained unknown. Given the now perilous state of the industry in the aftermath of a long series of internal and external jolts and shocks, it seemed incumbent on the Thai government and stakeholders in the tourism business to take nothing for granted. Hence, the Cabinet’s directive to the MOTS to devise a plan, complete with strategies and action plans, to revitalize the tourism industry. To do so, the MOTS would need to build on its earlier examination of the extensive effects, or the economy-wide effects, on the tourism industry, as well as the intensive effects, or the tourist effects, on the image of Thailand. Knowledge of the economy-impacts of a reduction in inbound tourism would help the MOTS sort out affected businesses and stakeholders, discover underlying causes and effects, and identify proper ameliorative measures.

Strategies Employed by MOTS

The MOTS had employed several instant strategies to counteract the negative impacts of those earlier crises. In April, 2009, the Thai

government proposed a rescue package for tourism industry. Specifically, a five billion Baht support package was supplied as loans to small tourism operators for five years. In addition, the new marketing slogan, “*Amazing Thailand, Amazing Value*,” was also launched along with a stimulation package of 1 billion Baht targeting international markets and 600 million Baht targeting the domestic market during June 2009 - March 2010.⁴⁹

With 1.6 billion Baht budget, the Tourism Authority of Thailand (TAT) implemented various marketing campaigns. First, the TAT attempted to restore the image of Thailand in order to increase visitors' confidence. Second, the TAT executed roadshows to provide accurate information about the situation in Thailand to senior officials of many governments and tourism operators. Third, the TAT provided sales promotional packages under the new slogan, “*Amazing Thailand, Amazing Value*”.⁵⁰

The TAT used different strategies for different markets, for example:⁵¹

- A protection strategy for the leisure market and value-for-money offerings for Northeast Asia, the Americas, Singapore and the United Arab Emirates (UAE).
- A customer relationship management (CRM) strategy for the Europe.
- A holiday break destination of value and shopping for the ASEAN.
- A quality strategy for the Middle East and South Asia.
- A destination of quality, value, variety and health for the Middle East.
- A market cooperation strategy with partners outside the travel and tourism industry, such as financial institutions, to expand the high-end markets and stimulate the non-seasonal leisure tourist markets of Oceania, Scandinavia, Germany, Russia and Vietnam.
- A network of overseas Thais, online marketing channels, and roadshows for new travel segments for the Americans.⁵²

Other measures included the government's Thai Khem Khaeng (“Stronger Thailand”) economic stimulus programme, the TAT Call Centers, the extension of holidays in April and August, the sales promotion activities (e.g., the Thai Tourism Festival, Amazing Two Coasts, Amazing Isan Fair,⁵³ and One Night One Price campaigns), train tours, tourism for senior citizens, golf tournaments, tourism with pets, and creative music festivals. In addition, transit passengers were offered the opportunity to enter the country via new immigration lanes. The Thai government also waived

visa fees for regional tourism especially for visitors from India, China and Japan. Takeoff and landing fees were also reduced.⁵⁴

The Economy-Wide Impacts of the Latest Tourism Shocks during 2008-2010⁵⁵

Problems of Impact Estimation

The MOTS realized that the recent tourism slump during 2008-2010 was a mix of three major shocks: the world economic downturn (the oil price crisis and the Hamburger Crisis), the 2009 influenza outbreak, and the country's own internal political disturbances. The MOTS also understood that it was difficult to isolate each individual crisis and impact. In practice, changes in inbound tourist arrivals, domestic trips, tourist spending, and number of days and nights of staying in Thailand are used to approximate the possible impacts on the overall tourism industry, as well as on specific businesses like airlines, accommodations, and restaurants. However, this estimation approach did not consider the economy-wide effects.

The MOTS also knew that each tourism stakeholder had different perspectives regarding the degree, large or small, of the effects because of the diversity of interests and information drawn upon to estimate the impacts. Thus, it was hard for the MOTS to satisfy all stakeholders. Some might be primarily concerned about a reduction in tourist arrivals, tourist expenditures, or tourist receipts. Some might worry about a fall in reservation rates, occupancy rates, profit and loss, stock returns, and overall business performance. Still others might pay particular attention to a drop in key macroeconomic variables like GDP, value added, employment, capital utilization, and economic growth. As a result, perceptions of the magnitude of the effects substantially varied across individuals.

Notwithstanding these issues, and as a point of departure in tackling the directive to devise a strategy for revitalizing the tourist industry in Thailand, MOTS, had already taken steps to determine how much of a slump in inbound tourism, all else being equal, would cause a significant decline in Thailand's GDP growth rate, and what would happen subsequently. Once this "critical slump" was estimated, it would then be possible to examine the full effect of various revitalization strategies and to thereafter present the most promising one(s) to the Cabinet. First, however, it was necessary to trace the effects of the critical slump in

inbound tourism on macroeconomic conditions, sectoral output, employment, and capital.

A Critical Slump in Inbound Tourism⁵⁶

International tourist arrivals during May-June, 2010 were 1,748,000 person compared to 2,327,000 person during the same period of 2008 (see Exhibit 2). A fall in inbound tourist arrivals or tourism receipts would cause a reduction in GDP. In particular, a fall in inbound tourism receipts would trigger a significant decline in economic growth. A decline in tourism receipts would reduce household income and local prices of tourism-related activities. Although domestic tourism goods and services would become cheaper for residents, overall domestic tourism receipts would still fall. In addition, residents would also cut their spending on outbound tourism (see Exhibit 10). These declines could lead to wider impacts on macroeconomic variables, household income, domestic production, employment, and capital returns of other related businesses.

The Macroeconomic Impacts

In a critical slump in inbound tourism, the sale of domestic goods and services to foreign and Thai tourists would decline. Overall household income would decrease, causing a reduction in overall real household consumption. The largest proportional losses in income would be upon high-income farm and non-farm households whose incomes were mainly from assets, like land and capital. In contrast, low-income households, whose incomes were primarily from labor, would not lose much in percentage terms (see Exhibit 11).

The tourism price index -- as well as the consumer price index, the investment price index, the government price index, and the export price index -- would decline. The overall decline in domestic and non-tradable prices relative to tradable prices would cause a depreciation of the real exchange rate, determining Thailand's new trade balance.

The net effect of this confluence of inbound tourism shock, household demand reduction, and real exchange rate depreciation would eventually reduce domestic production values. Overall decreases in production activities, household income and consumption, and imports would reduce total tax revenues earned by the Thai government.

The tourism shocks would induce the reallocation of resources across sectors. Specifically, resources would be reallocated from tourism-related sectors to those of tradable sectors. The results of resource

reallocations, factor returns, outputs, prices and values of several sectors would depend on relative factor intensity across sectors, factor supply elasticities and substitutions.

The Impacts on Sectoral Output, Employment, and Capital

The effects on sectoral values would be very high in transportation, hotels, restaurants, personal and household services, wearing apparel, leather products, beverages, printing and publishing, and real estate (see Exhibit 12). In general, percentage changes in quantities would be larger than prices in most sectors, such as hotel and transportation sector. The real estate sector would be the most adversely affected by a tourism shock due to large decreases in both prices and quantities. Hotels and transportation would be two examples of directly affected sectors, while real estate would be an example of indirectly affected one.

The sectors with the highest percentage changes in employment and capital would be transportation, hotels, restaurants, personal and household services, beverages, printing and publishing, and real estate (see Exhibit 13). For instance, hotel, transportation, and real estate services would lay off employees, causing capital returns to decrease. The effects would be spread directly and indirectly to other sectors.

In summary, the total output losses for the entire economy would be equal 2.3 times total tourism losses. Total layoffs would be 49.3 percent of total tourism losses, and total capital return losses would be 53.6 percent of total tourism losses.

The MOTS was aware that the effects of the long series of external and internal events not only weakened the tourism industry and the economy as a whole but also deteriorated the positive image of Thailand. The MOTS knew that it would take a much longer time to recover the image and the mental conditions than to restore the tourist destinations and the physical infrastructure.

Impact on Tourists' Image of Thailand⁵⁷

The Image of Thailand in a Normal Situation

The MOTS was concerned with the image of Thailand as typically reflected through the tourists' perceptions, beliefs, and knowledge that were pulled together from several sources, especially, public and private media, social networks, mouth-to-mouth expressions, and their own experiences. Before the crises, Thailand was very well-known for, in order of

importance, the beautiful sea-sand-sun destinations, the wonderful natural sites, the relaxing spa and massage, the friendly smiling Thai people, and the unique Thai way of life (see Exhibit 14).

The perceived value to the average tourists was mainly that of the remarkably kindhearted behavior of Thai people (rather than the general service qualities) and on the soothing spa (rather than the night life and the shopping). The top three important components of perceived value to the majority of tourists were the value of good experiences, the value of time, and the value of money. By contrast, the image of Thailand that could damage the tourism industry was mainly due to poor public service qualities -- specifically, in ranked order, transportation, safety and security, and sanitation (see Exhibit 15).

The Image of Thailand after the Crises

The crises -- especially, the political turmoil -- did not affect the tourists' image of Thailand's natural attractions and destinations, but did heavily damage the image of the Thai social atmosphere, i.e., the relaxing Thai way of life, the pleasant Thai people, and the genuinely nice Thai service qualities. The tourists' satisfaction, perceived value, and loyalty with respect to Thai tourism goods and services declined tremendously due to concerns about personal and property security, in addition to poor logistics management. Cheaper prices of tourism goods and services had little or no affects on tourists' decision (see Exhibits 16 and 17).

Tourists who actually experienced the political disturbances revealed their lower satisfaction toward traveling to Thailand. Most likely, they stated, they would not revisit Thailand, and they would not recommend that friends and families visit Thailand. The value of tourists' experiences, time, and money was obviously reduced during and after the crises.

There was some evidence that the passage of time could cure the negative image of Thailand. After each of the earlier-chronicled crises subsided and as time passed by, tourists' satisfaction and perceived value improved. Greater numbers would report feeling better about Thailand, planning to revisit the country, and being amenable to recommending their friends and families come to Thailand. The image of Thailand was always gradually restored to what it had been before the crises. The crises affected the image of Thailand only in the short-run but did not change the tourists' satisfaction, perceived value, and loyalty with respect to Thai tourism goods and services in the long-run. Notably, prices were not always the important component of the image of Thailand during the crises.

How to Boost the Thai Tourism Industry after the Latest Tourism Crises

The serially compounded impacts of external shocks (i.e., the oil price crisis, the Hamburger Crisis, and the 2009 influenza outbreak), and internal shocks (i.e., the episodes of internal political unrest), presented an unprecedented challenge to the Thai government and the Ministry of Tourism and Sports (MOTS) with respect to aiding in the recovery of the industry. There was no question but that something had to be done because both the tourism industry and the image of Thailand had been damaged by the crises. Hence, the Cabinet had assigned to the MOTS the urgent task of drawing up recovery plans and strategies for submission by the end of June 2010.

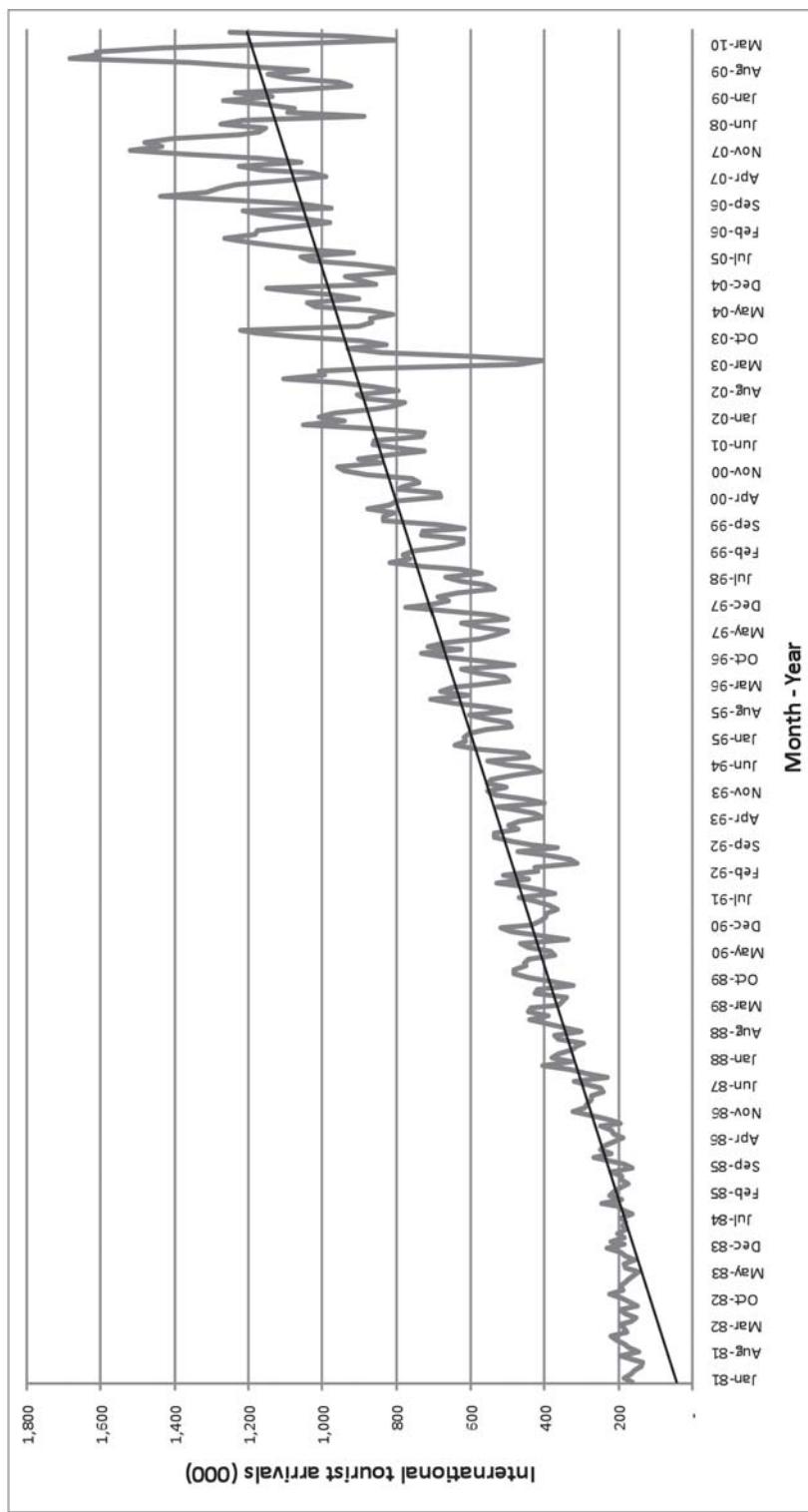
Having taken note of some significant differences between the 2008-2010 crises and earlier ones, having analyzed the economy-wide effects of declines in tourist arrivals, and having examined the tourist image effects of these crises, the MOTS now had to come forward with a strategy to deal with the combined effects of the most recent tourism crisis. In this connection, the MOTS had before it for consideration six possible measures aimed at redressing the situation. These were as follows:

- Measure 1** Provide discounted tourism promotion packages -- such as low-priced hotels, on-sale spas and resorts, low-cost travel services, and cheap shopping -- to stimulate Thais to travel inside the country.
- Measure 2** Offer direct lump sum transfers to Thai residents in order to stimulate domestic tourism demand.
- Measure 3** Reduce outbound tourism demand, rather than increase domestic tourism demand.
- Measure 4** Manage and facilitate job opportunities for those laid-off laborers from tourism sectors.
- Measure 5** Provide a variety of incentives to visit Thailand and invest in marketing the destination.
- Measure 6** Shift the marketing focus to those areas less affected by political aggression.

While the Minister was analyzing the economic and image impacts and thinking of how to write a sound proposal of measures for submission to the Cabinet, he heard the squeak of an old train running on the old

railway not too far from his office. At that moment, he was reminded that what was at stake was nothing less than 80 years of tourism development in Thailand. He was resolved that he would not fail in the assignment to devise a strategy with which to reinvigorate the industry.

Exhibit 1: International tourist arrivals during January, 1981 - June, 2010 (000 person)



Source: Immigration Bureau Royal Thai Police
Graph by the author

**Exhibit 2: International tourist arrivals during January, 1981 - June, 2010
(000 person)**

| MM/YY | 000 person | MM/YY | 000 person | MM/YY | 000 person |
|--------|------------|--------|------------|--------|------------|
| Jan-81 | 163 | Jan-84 | 187 | Jan-87 | 292 |
| Feb-81 | 184 | Feb-84 | 221 | Feb-87 | 283 |
| Mar-81 | 169 | Mar-84 | 186 | Mar-87 | 274 |
| Apr-81 | 156 | Apr-84 | 204 | Apr-87 | 275 |
| May-81 | 141 | May-84 | 183 | May-87 | 241 |
| Jun-81 | 136 | Jun-84 | 188 | Jun-87 | 250 |
| Jul-81 | 159 | Jul-84 | 182 | Jul-87 | 293 |
| Aug-81 | 196 | Aug-84 | 194 | Aug-87 | 320 |
| Sep-81 | 147 | Sep-84 | 165 | Sep-87 | 230 |
| Oct-81 | 173 | Oct-84 | 189 | Oct-87 | 287 |
| Nov-81 | 185 | Nov-84 | 201 | Nov-87 | 331 |
| Dec-81 | 208 | Dec-84 | 247 | Dec-87 | 407 |
| Jan-82 | 219 | Jan-85 | 192 | Jan-88 | 328 |
| Feb-82 | 179 | Feb-85 | 223 | Feb-88 | 379 |
| Mar-82 | 184 | Mar-85 | 214 | Mar-88 | 363 |
| Apr-82 | 198 | Apr-85 | 196 | Apr-88 | 327 |
| May-82 | 167 | May-85 | 175 | May-88 | 313 |
| Jun-82 | 153 | Jun-85 | 191 | Jun-88 | 295 |
| Jul-82 | 183 | Jul-85 | 191 | Jul-88 | 364 |
| Aug-82 | 197 | Aug-85 | 222 | Aug-88 | 375 |
| Sep-82 | 151 | Sep-85 | 163 | Sep-88 | 302 |
| Oct-82 | 172 | Oct-85 | 185 | Oct-88 | 349 |
| Nov-82 | 192 | Nov-85 | 219 | Nov-88 | 396 |
| Dec-82 | 223 | Dec-85 | 268 | Dec-88 | 440 |
| Jan-83 | 190 | Jan-86 | 221 | Jan-89 | 393 |
| Feb-83 | 197 | Feb-86 | 250 | Feb-89 | 445 |
| Mar-83 | 183 | Mar-86 | 239 | Mar-89 | 437 |
| Apr-83 | 174 | Apr-86 | 212 | Apr-89 | 364 |
| May-83 | 161 | May-86 | 189 | May-89 | 352 |
| Jun-83 | 146 | Jun-86 | 214 | Jun-89 | 343 |
| Jul-83 | 183 | Jul-86 | 222 | Jul-89 | 427 |
| Aug-83 | 185 | Aug-86 | 248 | Aug-89 | 419 |
| Sep-83 | 157 | Sep-86 | 195 | Sep-89 | 323 |
| Oct-83 | 183 | Oct-86 | 229 | Oct-89 | 380 |
| Nov-83 | 198 | Nov-86 | 274 | Nov-89 | 445 |
| Dec-83 | 233 | Dec-86 | 325 | Dec-89 | 482 |

Source: Immigration Bureau Royal Thai Police

Table by the author

Exhibit 2 (cont.): International tourist arrivals during January, 1981 - June, 2010 (000 person)

| MM/YY | 000 person | MM/YY | 000 person | MM/YY | 000 person |
|--------|------------|--------|------------|--------|------------|
| Jan-90 | 483 | Jan-93 | 538 | Jan-96 | 609 |
| Feb-90 | 450 | Feb-93 | 473 | Feb-96 | 681 |
| Mar-90 | 454 | Mar-93 | 497 | Mar-96 | 650 |
| Apr-90 | 444 | Apr-93 | 470 | Apr-96 | 582 |
| May-90 | 373 | May-93 | 404 | May-96 | 499 |
| Jun-90 | 383 | Jun-93 | 426 | Jun-96 | 510 |
| Jul-90 | 445 | Jul-93 | 484 | Jul-96 | 585 |
| Aug-90 | 468 | Aug-93 | 530 | Aug-96 | 625 |
| Sep-90 | 338 | Sep-93 | 401 | Sep-96 | 483 |
| Oct-90 | 412 | Oct-93 | 450 | Oct-96 | 566 |
| Nov-90 | 491 | Nov-93 | 532 | Nov-96 | 669 |
| Dec-90 | 519 | Dec-93 | 556 | Dec-96 | 733 |
| Jan-91 | 438 | Jan-94 | 505 | Jan-97 | 625 |
| Feb-91 | 412 | Feb-94 | 555 | Feb-97 | 714 |
| Mar-91 | 397 | Mar-94 | 544 | Mar-97 | 672 |
| Apr-91 | 396 | Apr-94 | 486 | Apr-97 | 577 |
| May-91 | 368 | May-94 | 413 | May-97 | 533 |
| Jun-91 | 386 | Jun-94 | 434 | Jun-97 | 500 |
| Jul-91 | 425 | Jul-94 | 504 | Jul-97 | 578 |
| Aug-91 | 471 | Aug-94 | 555 | Aug-97 | 626 |
| Sep-91 | 374 | Sep-94 | 445 | Sep-97 | 502 |
| Oct-91 | 416 | Oct-94 | 460 | Oct-97 | 541 |
| Nov-91 | 473 | Nov-94 | 585 | Nov-97 | 653 |
| Dec-91 | 530 | Dec-94 | 643 | Dec-97 | 774 |
| Jan-92 | 444 | Jan-95 | 614 | Jan-98 | 710 |
| Feb-92 | 511 | Feb-95 | 619 | Feb-98 | 663 |
| Mar-92 | 419 | Mar-95 | 605 | Mar-98 | 690 |
| Apr-92 | 427 | Apr-95 | 558 | Apr-98 | 638 |
| May-92 | 312 | May-95 | 492 | May-98 | 537 |
| Jun-92 | 331 | Jun-95 | 498 | Jun-98 | 559 |
| Jul-92 | 392 | Jul-95 | 558 | Jul-98 | 630 |
| Aug-92 | 472 | Aug-95 | 604 | Aug-98 | 670 |
| Sep-92 | 366 | Sep-95 | 495 | Sep-98 | 572 |
| Oct-92 | 435 | Oct-95 | 556 | Oct-98 | 631 |
| Nov-92 | 493 | Nov-95 | 646 | Nov-98 | 725 |
| Dec-92 | 536 | Dec-95 | 707 | Dec-98 | 818 |

Source: Immigration Bureau Royal Thai Police

Table by the author

Exhibit 2 (cont.): International tourist arrivals during January, 1981 - June, 2010 (000 person)

| MM/YY | 000 person |
|--------|------------|--------|------------|--------|------------|--------|------------|
| Jan-99 | 764 | Jan-02 | 941 | Jan-05 | 857 | Jan-08 | 1,438 |
| Feb-99 | 781 | Feb-02 | 1,008 | Feb-05 | 898 | Feb-08 | 1,481 |
| Mar-99 | 754 | Mar-02 | 967 | Mar-05 | 938 | Mar-08 | 1,408 |
| Apr-99 | 666 | Apr-02 | 855 | Apr-05 | 807 | Apr-08 | 1,222 |
| May-99 | 622 | May-02 | 812 | May-05 | 812 | May-08 | 1,172 |
| Jun-99 | 624 | Jun-02 | 779 | Jun-05 | 901 | Jun-08 | 1,155 |
| Jul-99 | 733 | Jul-02 | 885 | Jul-05 | 1,036 | Jul-08 | 1,276 |
| Aug-99 | 729 | Aug-02 | 907 | Aug-05 | 1,061 | Aug-08 | 1,215 |
| Sep-99 | 618 | Sep-02 | 795 | Sep-05 | 919 | Sep-08 | 890 |
| Oct-99 | 691 | Oct-02 | 863 | Oct-05 | 1,020 | Oct-08 | 1,094 |
| Nov-99 | 837 | Nov-02 | 954 | Nov-05 | 1,115 | Nov-08 | 1,076 |
| Dec-99 | 834 | Dec-02 | 1,106 | Dec-05 | 1,203 | Dec-08 | 1,157 |
| Jan-00 | 807 | Jan-03 | 996 | Jan-06 | 1,264 | Jan-09 | 1,270 |
| Feb-00 | 880 | Feb-03 | 1,011 | Feb-06 | 1,184 | Feb-09 | 1,138 |
| Mar-00 | 818 | Mar-03 | 861 | Mar-06 | 1,176 | Mar-09 | 1,237 |
| Apr-00 | 802 | Apr-03 | 471 | Apr-06 | 1,076 | Apr-09 | 1,085 |
| May-00 | 684 | May-03 | 405 | May-06 | 982 | May-09 | 924 |
| Jun-00 | 685 | Jun-03 | 591 | Jun-06 | 1,052 | Jun-09 | 955 |
| Jul-00 | 798 | Jul-03 | 840 | Jul-06 | 1,163 | Jul-09 | 1,095 |
| Aug-00 | 783 | Aug-03 | 933 | Aug-06 | 1,218 | Aug-09 | 1,149 |
| Sep-00 | 739 | Sep-03 | 829 | Sep-06 | 979 | Sep-09 | 1,041 |
| Oct-00 | 757 | Oct-03 | 897 | Oct-06 | 1,052 | Oct-09 | 1,209 |
| Nov-00 | 883 | Nov-03 | 1,066 | Nov-06 | 1,236 | Nov-09 | 1,362 |
| Dec-00 | 943 | Dec-03 | 1,182 | Dec-06 | 1,441 | Dec-09 | 1,685 |
| Jan-01 | 958 | Jan-04 | 1,223 | Jan-07 | 1,314 | Jan-10 | 1,606 |
| Feb-01 | 842 | Feb-04 | 903 | Feb-07 | 1,284 | Feb-10 | 1,615 |
| Mar-01 | 904 | Mar-04 | 869 | Mar-07 | 1,233 | Mar-10 | 1,439 |
| Apr-01 | 823 | Apr-04 | 873 | Apr-07 | 1,101 | Apr-10 | 1,108 |
| May-01 | 725 | May-04 | 812 | May-07 | 991 | May-10 | 804 |
| Jun-01 | 787 | Jun-04 | 873 | Jun-07 | 1,031 | Jun-10 | 944 |
| Jul-01 | 863 | Jul-04 | 1,019 | Jul-07 | 1,166 | | |
| Aug-01 | 861 | Aug-04 | 1,042 | Aug-07 | 1,226 | | |
| Sep-01 | 733 | Sep-04 | 905 | Sep-07 | 1,059 | | |
| Oct-01 | 725 | Oct-04 | 974 | Oct-07 | 1,171 | | |
| Nov-01 | 857 | Nov-04 | 1,091 | Nov-07 | 1,366 | | |
| Dec-01 | 1,054 | Dec-04 | 1,153 | Dec-07 | 1,522 | | |

Source: Immigration Bureau Royal Thai Police

Table by the author

Exhibit 3: International tourist arrivals by country of residence in 2000

| Country of residence | Number | % Share | Country of residence | Number | % Share |
|----------------------|------------------|--------------|----------------------|------------------|---------------|
| East Asia | 5,782,323 | 60.37 | The Americas | 597,716 | 6.24 |
| ASEAN | 2,113,644 | 22.07 | Argentina | 5,257 | 0.05 |
| Brunei | 13,479 | 0.14 | Brazil | 3,992 | 0.04 |
| Indonesia | 145,375 | 1.52 | Canada | 86,585 | 0.90 |
| Laos | 74,940 | 0.78 | USA | 485,701 | 5.07 |
| Malaysia | 1,055,933 | 11.02 | Others | 16,181 | 0.17 |
| Philippines | 107,123 | 1.12 | South Asia | 340,036 | 3.55 |
| Singapore | 659,539 | 6.89 | Bangladesh | 29,784 | 0.31 |
| Vietnam | 57,255 | 0.60 | India | 203,221 | 2.12 |
| China | 704,463 | 7.35 | Nepal | 19,662 | 0.21 |
| Hong Kong | 495,153 | 5.17 | Pakistan | 49,183 | 0.51 |
| Japan | 1,206,549 | 12.60 | Sri Lanka | 29,637 | 0.31 |
| Korea | 448,207 | 4.68 | Others | 8,549 | 0.09 |
| Taiwan | 711,702 | 7.43 | Oceania | 384,648 | 4.02 |
| Others | 102,605 | 1.07 | Australia | 326,003 | 3.40 |
| Europe | 2,191,433 | 22.88 | New Zealand | 56,205 | 0.59 |
| Austria | 45,254 | 0.47 | Others | 2,440 | 0.03 |
| Belgium | 50,719 | 0.53 | Middle East | 202,169 | 2.11 |
| Denmark | 81,037 | 0.85 | Egypt | 6,339 | 0.07 |
| Finland | 55,431 | 0.58 | Israel | 73,565 | 0.77 |
| France | 240,568 | 2.51 | Kuwait | 19,847 | 0.21 |
| Germany | 387,904 | 4.05 | Saudi Arabia | 14,193 | 0.15 |
| Italy | 120,159 | 1.25 | U.A.E. | 34,670 | 0.36 |
| Netherlands | 120,553 | 1.26 | Others | 53,555 | 0.56 |
| Norway | 65,208 | 0.68 | Africa | 80,501 | 0.84 |
| Russia | 49,631 | 0.52 | South Africa | 37,577 | 0.39 |
| Spain | 34,003 | 0.35 | Others | 42,924 | 0.45 |
| Sweden | 210,504 | 2.20 | Grand Total | 9,578,826 | 100.00 |
| Switzerland | 114,030 | 1.19 | | | |
| United Kingdom | 480,303 | 5.01 | | | |
| East Europe | 55,384 | 0.58 | | | |
| Others | 80,745 | 0.84 | | | |

Source: Immigration Bureau, Police Department

Remark: Overseas Thai is included in each Country of Residence

Exhibit 4: Vision, mission and strategy of TAT (2003-2006)

Vision: The Tourism Authority of Thailand strives for excellence in tourism promotion and tourism market development.

Mission 1: Support the establishment of policies and master plan for national tourism development and promotion.

Strategy 1.1: Support the formulation of mechanisms for shaping policies on tourism and systematic and continuous management of tourism.

Strategy 1.2: Join together with government units, state agencies, local government organizations, the private sector, and the citizens in implementing policies and master plan for tourism development and promotion.

Strategy 1.3: Propose the establishment of tourism promotion and investment funds.

Mission 2: Formulate and implement proactive marketing strategies that encourage visitor's decision making in favor of Thailand as a destination, the better to generate greater income from tourism industry.

Strategy 2.1: Create an up-to-date, accurate and adequate database of tourism information to aid decision-making, research studies and development in support of the formulation of effective tourism marketing policies and strategies.

Strategy 2.2: Revive traditional tourism products and develop new tourism products that together can attract tourist arrivals to Thailand.

Strategy 2.3: Increase the potential for marketing competitiveness by employing the state's integrated approach to management system, involving the TAT and its overseas offices in expanding marketing channels and forming alliances with overseas travel operators together with raising the potential of Thai private sector through a variety of marketing operations and an efficient system of marketing information management.

Strategy 2.4: Execute tourism marketing promotion, using a wide variety of operations with proven success records.

Exhibit 4 (cont.): Vision, mission and strategy of TAT (2003-2006)

Mission 3: Promote and develop domestic tourism by encouraging Thais and expatriates to travel more within the country.

Strategy 3.1: Promote new tourist attractions.

Strategy 3.2: Mount a domestic tourism campaign, using a variety of measures.

Mission 4: Develop organization and corporate governance toward management and service excellence

Strategy 4.1: Modernize corporate restructuring in line with the formation of alliances and networking to realize the vision.

Strategy 4.2: Improve human resources management system by taking in consideration the development of work performance potential, value for money (efficiency), and continuous human resources development.

Strategy 4.3: Improve and modernize financial, accounting, procurement and store management for ease of operations.

Strategy 4.4: Develop and modernize information technologies to be used as an instrument for maximizing the effectiveness of management and services.

Source: Tourism Authority of Thailand Annual Report (2003): Vision and mission of TAT under the TAT corporate plan (2003-2006), <http://www2.tat.or.th/tat/annual/2003/>

Exhibit 5: Probable cases of SARS by country, November 1, 2002 - July 31, 2003

| Country or Region | Cases | Deaths | SARS cases dead due to other causes | Fatality (%) |
|-------------------|-------------|------------|-------------------------------------|--------------|
| China * | 5328 | 349 | 19 | 6.6 |
| Hong Kong * | 1755 | 299 | 5 | 17 |
| Canada | 251 | 44 | 0 | 18 |
| Taiwan | **346 | 37 | 36 | 11 |
| Singapore | 238 | 33 | 0 | 14 |
| Vietnam | 63 | 5 | 0 | 8 |
| United States | 27 | 0 | 0 | 0 |
| United Kingdom | 0 | 0 | 0 | 0 |
| Philippines | 14 | 2 | 0 | 14 |
| Mongolia | 9 | 0 | 0 | 0 |
| Macau * | 1 | 0 | 0 | 0 |
| Kuwait | 1 | 0 | 0 | 0 |
| Ireland | 1 | 0 | 0 | 0 |
| Romania | 1 | 0 | 0 | 0 |
| Russia | 1 | 0 | 0 | 0 |
| Spain | 1 | 0 | 0 | 0 |
| Switzerland | 1 | 0 | 0 | 0 |
| South Korea | 1 | 0 | 0 | 0 |
| Total | 8273 | 775 | 60 | 9.6 |

(*) Figures for the People's Republic of China exclude the Special Administrative Regions (Macau SAR, Hong Kong SAR) which are reported separately by the WHO.

(**) Since 11 July 2003, 325 Taiwanese cases have been 'discarded'. Laboratory information was insufficient or incomplete for 135 discarded cases; 101 of these patients died.

Source: Epidemic and Pandemic Alert and Response (EPR), World Health Organization (WHO)
http://en.wikipedia.org/wiki/Severe_acute_respiratory_syndrome#cite_note-WHO-10

Exhibit 6: Death toll and casualties of 2004 Indian Ocean earthquake and tsunami

| Country where deaths occurred | Death | | Injured | Missing | Displaced |
|-------------------------------|----------------------|--------------------------|-----------------|----------------|----------------------|
| | Confirmed | Estimated ⁽¹⁾ | | | |
| Indonesia | 130,736 | 167,736 | N/A | 37,063 | 500,000+ |
| Sri Lanka ⁽²⁾ | 35,322 | 35,322 | 21,411 | N/A | 516,150[|
| India | 12,405 | 18,045 | N/A | 5,640 | 647,599 |
| Thailand | 5,395 ⁽³⁾ | 8,212 | 8,457 | 2,817 | 7,000 |
| Somalia | 78 | 289 | N/A | N/A | 5,000 |
| Myanmar | 61 | 400–600 | 45 | 200 | 3,200 |
| Maldives | 82 | 108 | N/A | 26 | 15,000+ |
| Malaysia | 68 | 75 | 299 | 6 | N/A |
| Tanzania | 10 | 13 | N/A | N/A | N/A |
| Seychelles | 3 | 3 | 57 | N/A | 200 |
| Bangladesh | 2 | 2 | N/A | N/A | N/A |
| South Africa | 2 ⁽⁴⁾ | 2 | N/A | N/A | N/A |
| Yemen | 2 | 2 | N/A | N/A | N/A |
| Kenya | 1 | 1 | 2 | N/A | N/A |
| Madagascar | N/A | N/A | N/A | N/A | 1,000+ |
| Total | ~184,167 | ~230,210 | ~125,000 | ~45,752 | ~1.69 million |

(1) Includes those reported under 'Confirmed'. If no separate estimates are available, the number in this column is the same as reported under 'Confirmed'.

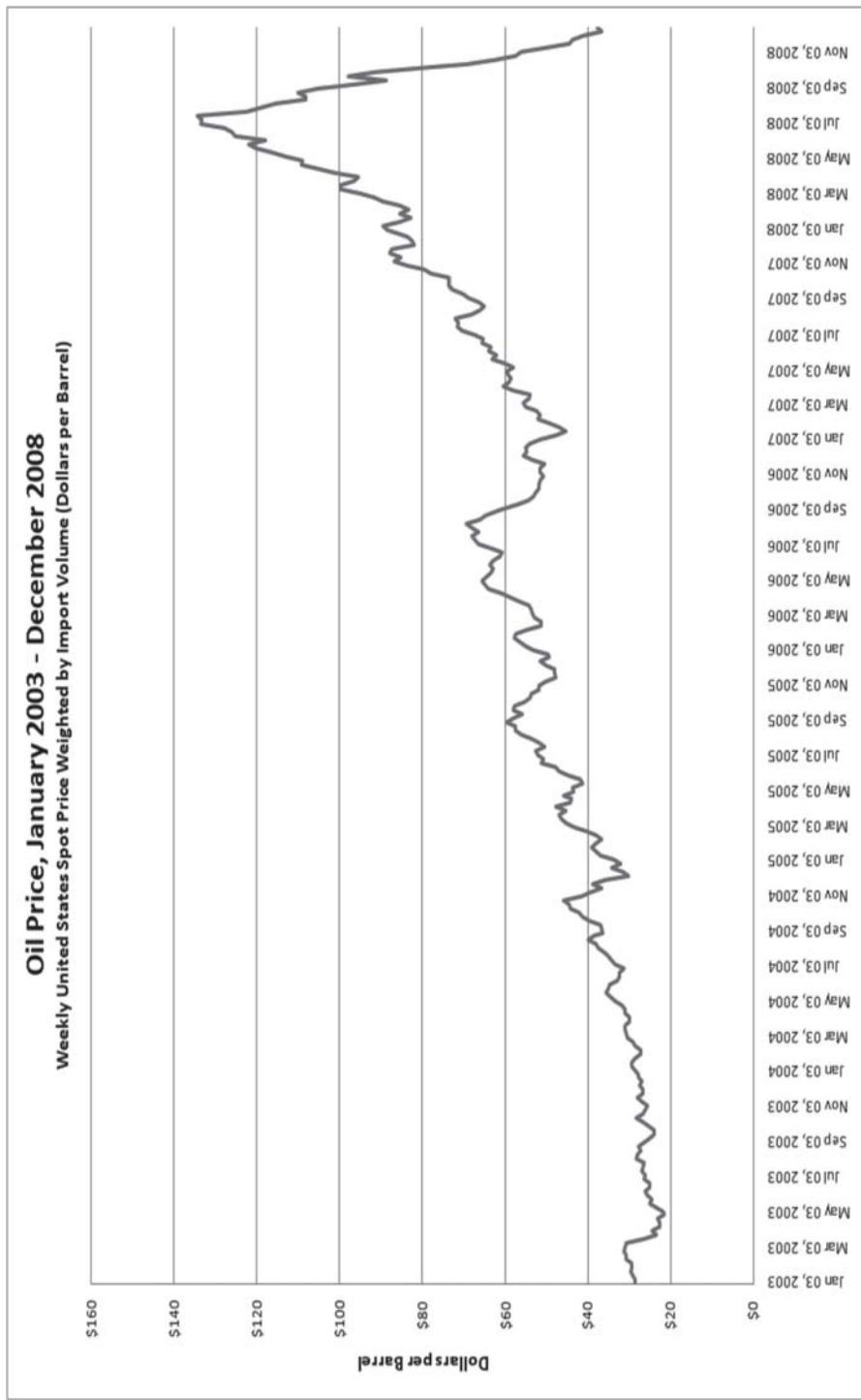
(2) Does not include approximately 19,000 missing people initially declared by Tamil Tiger authorities from regions under their control.

(3) Data includes at least 2,464 foreigners.

(4) Does not include South African citizens who died outside of South Africa (e.g., tourists in Thailand).

Source: http://en.wikipedia.org/wiki/2004_Indian_Ocean_earthquake_and_tsunami

Exhibit 7: Oil price, January 2003 - December 2008



Source: http://en.wikipedia.org/wiki/2000s_energy_crisis

Exhibit 8A: 2009 Flu pandemic data

| Area | Confirmed deaths |
|---|------------------|
| Worldwide (total) | 14,286 |
| European Union and EFTA | 2,290 |
| Other European countries and Central Asia | 457 |
| Mediterranean and Middle East | 1,450 |
| Africa | 116 |
| North America | 3,642 |
| Central America and Caribbean | 237 |
| South America | 3,190 |
| Northeast Asia and South Asia | 2,294 |
| Southeast Asia | 393 |
| Australia and Pacific | 217 |

Source: European Centre for Disease Prevention and Control (ECDC) http://en.wikipedia.org/wiki/2009_flu_pandemic

Exhibit 8B: 2009 Flu pandemic in Thailand (as of July 21, 2009)

| Pos. | Region | Cases | Deaths | Population | Deaths per million |
|------|-------------------------------------|---------------|------------|--------------------|--------------------|
| 33 | Phetchaburi | 3 | 2 | 459,207 | 4.4 |
| 44 | Chonburi | 38 | 4 | 1,267,765 | 3.2 |
| 45 | Phuket | 21 | 1 | 327,908 | 3.1 |
| 59 | Ratchaburi | 23 | 2 | 837,526 | 2.4 |
| 68 | Samut Sakhon | 15 | 1 | 479,634 | 2.1 |
| 70 | Chumphon | 0 | 1 | 486,629 | 2.1 |
| 81 | Bangkok | 1,297 | 10 | 5,712,213 | 1.8 |
| 83 | Sukhothai | 0 | 1 | 603,655 | 1.7 |
| 92 | Ayutthaya | 11 | 1 | 769,971 | 1.3 |
| 100 | Maha Sarakham | 2 | 1 | 937,339 | 1.1 |
| 110 | Nonthaburi | 267 | 1 | 1,055,199 | 1.0 |
| 116 | Sakon Nakhon | 3 | 1 | 1,115,539 | 0.9 |
| 120 | Samut Prakan | 127 | 1 | 1,149,131 | 0.9 |
| 129 | Nakhon Si Thammarat | 4 | 1 | 1,514,197 | 0.7 |
| | Total (regions w/deaths) | 96,193 | 933 | 647,007,060 | 1.5 |

Source: http://en.wikipedia.org/wiki/2009_flu_deaths_by_region

Exhibit 9: Statement from the MOTS⁵⁸

The Ministry of Tourism and Sports wishes to announce that political unrest in Thailand has been brought completely under control and order in the capital of Bangkok and the provinces of Thailand has been restored.

Prime Minister Abhisit Vejjajiva has strongly reaffirmed the government's intention to continue on the National Reconciliation Roadmap to resolve the political situation nationwide. Peace and normalcy have been restored in Thailand, making it once again a safe and pleasant destination in the region for foreign tourists. Major tourism destinations in provinces across the country are still pristine, peaceful and safe. Various measures have been implemented to bring normalcy back to the country, and to reassure foreign visitors that Thailand still remains a high quality, value-for-money destination.

The Ministry of Tourism and Sports places the safety and security of international tourists above all else. Free travel insurance for foreign tourists and a waiver of tourist visa fees have been extended to 31 March 2011. The Royal Thai Government has issued insurance measures to protect foreigners visiting Thailand who are injured or unable to travel out of Thailand due to rioting. This programme is intended to boost the confidence of foreigners visiting Thailand.

The Royal Thai Government has launched an urgent recovery plan with measures that enable the tourism industry, especially small and medium enterprises, to recover their businesses as soon as possible. The Bangkok Metropolitan Authority, related government agencies and local residents have made a concerted effort to return normalcy to the Bangkok business environment.

Major tourist destinations, facilities and services are still regularly accessed by both domestic and foreign tourists. Public utility and mass transportation services are fully operational. Suvarnabhumi International Airport and other international airports have remained operational without any disruption. The Ministry of Tourism and Sports is working closely with other ministries and agencies to ensure the safety and convenience of all visitors traveling in Thailand.

With the integrated efforts of all government agencies and the full engagement of the private sectors and other related stakeholders, the Ministry of Tourism and Sports affirms that public safety and security, including peace and normalcy, flourish once more in Thailand.

*26 May 2010
Ministry of Tourism and Sports*

Exhibit 10: A critical slump in inbound tourism

| Type of tourism | Percentage change | Share in value change (percent) |
|----------------------|-------------------|---------------------------------|
| Inbound tourism | -45.22 | 60.74 |
| Domestic tourism | -34.20 | 34.36 |
| Outbound tourism | -7.36 | 4.90 |
| Total tourism | -33.17 | 100.00 |

Assumptions: Flexible employment, fixed wage, fixed capital uses, and flexible capital returns

Source: Wattanakuljarus, A. (2009). "How Critical is a Tourism Slump to Thai Economic Growth?," a research paper for the Thailand Research Fund (TRF, 2008) under the project: 'Thai Tourism: from Policy to Grassroots' by Professor Mingsarn Kaosa-ard, November, 2009.

Exhibit 11: Macroeconomic impacts due to critical slump in inbound tourism

| Macroeconomic indicator | Percentage changes |
|--|--------------------|
| Incomes, the richest 20 percent of non-farm households | -9.18 |
| Incomes, the poorest 80 percent of non-farm households | -7.14 |
| Incomes, the richest 20 percent of farm households | -9.32 |
| Incomes, the poorest 80 percent of farm households | -6.64 |
| Incomes, overall households | -8.07 |
| Consumption, the richest 20 percent of non-farm households | -6.35 |
| Consumption, the poorest 80 percent of non-farm households | -4.20 |
| Consumption, the richest 20 percent of farm households | -6.57 |
| Consumption, the poorest 80 percent of farm households | -3.71 |
| Consumption, overall households | -5.19 |
| Employment values | -4.91 |
| Capital values | -5.04 |
| Tourism price index | -3.07 |
| Consumer price index | -2.86 |
| Investment price index | -2.31 |
| Government price index | -3.25 |
| Export price index | -2.21 |
| Real exchange rate depreciation | 4.21 |
| Export values | 0.64 |
| Import values | -2.73 |
| Total government revenues | -7.41 |
| Domestic production values | -4.87 |

Assumptions: Flexible employment, fixed wage, fixed capital uses, and flexible capital returns

Source: Ibid.

Exhibit 12: Impacts on sectoral output due to critical slump in inbound tourism

| Sector | Percentage changes | | |
|---------------------------------|--------------------|------------|--------|
| | Prices | Quantities | Values |
| Transportation | -3.05 | -5.10 | -8.15 |
| Hotels | -3.77 | -6.05 | -9.82 |
| Restaurants | -3.62 | -4.20 | -7.82 |
| Personal and household services | -3.68 | -4.27 | -7.95 |
| Entertainment | -4.09 | -0.53 | -4.62 |
| Wearing apparel | -3.04 | -5.21 | -8.25 |
| Leather products | -3.32 | -4.86 | -8.18 |
| Textiles | -2.35 | -3.21 | -5.56 |
| Beverages | -3.17 | -3.99 | -7.15 |
| Fruits | -3.24 | -3.61 | -6.85 |
| Medical and health | -3.29 | -2.22 | -5.51 |
| Manufactured food | -2.86 | -2.45 | -5.31 |
| Printing and publishing | -3.01 | -5.97 | -8.98 |
| Rubber and plastic | -5.09 | -1.18 | -6.28 |
| Metal products | -0.91 | -1.79 | -2.70 |
| Wood products | -1.77 | -0.61 | -2.38 |
| Transport equipment | -1.71 | -3.66 | -5.37 |
| Electrical machinery | -0.76 | -0.09 | -0.85 |
| Chemical products | -1.36 | -0.66 | -2.01 |
| Other manufacturing | -1.71 | -2.68 | -4.39 |
| Real estate | -4.86 | -5.23 | -10.09 |
| Communication | -3.62 | -3.36 | -6.98 |
| Insurance | -3.28 | -1.37 | -4.65 |
| Financial institutions | -4.02 | -0.13 | -4.15 |

Assumptions: Flexible employment, fixed wage, fixed capital uses, and flexible capital returns

Source: Ibid.

Exhibit 13: Impacts on employment and capital due to critical slump in inbound tourism

| Sector | Percentage changes | |
|---------------------------------|--------------------|---------|
| | Employment | Capital |
| Transportation | -8.48 | -8.03 |
| Hotels | -9.36 | -8.93 |
| Restaurants | -8.17 | -7.70 |
| Personal and household services | -7.91 | -7.44 |
| Entertainment | -5.24 | -4.69 |
| Wearing apparel | -6.08 | -5.56 |
| Leather products | -5.95 | -5.42 |
| Textiles | -5.62 | -5.08 |
| Beverages | -8.00 | -7.53 |
| Fruits | -6.68 | -6.36 |
| Medical and health | -6.38 | -5.86 |
| Manufactured food | -4.68 | -4.11 |
| Printing and publishing | -9.18 | -9.87 |
| Rubber and plastic | -1.14 | -1.70 |
| Metal products | -4.58 | -5.20 |
| Wood products | -3.01 | -2.39 |
| Transport equipment | -4.21 | -4.82 |
| Electrical machinery | -1.42 | -1.99 |
| Chemical products | -3.39 | -3.99 |
| Other manufacturing | -1.65 | -2.22 |
| Real estate | -10.42 | -10.02 |
| Communication | -7.78 | -7.30 |
| Insurance | -5.15 | -4.60 |
| Financial institutions | -4.64 | -4.07 |

Assumptions: Flexible employment, fixed wage, fixed capital uses, and flexible capital returns

Source: Ibid.

Exhibit 14: The positive image of Thailand in normal situation

| No. | Perceived image | Frequency (%) | Score |
|-----|------------------|---------------|-------|
| 1 | Sea, sand, sun | 81 | 4.06 |
| 2 | Natural sites | 79 | 3.98 |
| 3 | Spa and massage | 78 | 4.04 |
| 4 | Thai people | 72 | 3.93 |
| 5 | Thai way of life | 71 | 3.84 |

Source: Untong, A. and Kaosa-ard, M. (2009). "Thailand's Political Crises: Changes in Image and Tourist Behavior," a research paper for the Thailand Research Fund (TRF, 2008) under the project: 'Thai Tourism: from Policy to Grassroots' by Professor Mingsarn Kaosa-ard, November, 2009.

Exhibit 15: The negative image of Thailand in normal situation

| No. | Perceived image | Frequency (%) | Score |
|-----|---------------------|---------------|-------|
| 1 | Transportation | 47 | 3.34 |
| 2 | Safety and security | 44 | 3.28 |
| 3 | Sanitation | 32 | 3.01 |

Source: Ibid.

Exhibit 16: Changes in the image of Thailand due to crises

| Image | Crisis 1 | Post crisis 1 (1) | Post crisis 1 (2) | Crisis 2 | Post crisis 2 |
|---|--------------|-------------------|-------------------|-------------|---------------|
| <i>Overall Thailand's tourism image</i> | <i>-0.03</i> | <i>-4.06</i> | <i>-3.93</i> | <i>0.12</i> | <i>-3.42</i> |
| - Natural attractions | 3.11 | -1.42 | -1.34 | 0.85 | 0.78 |
| - Man-made attractions | -0.52 | -5.10 | -5.72 | -2.33 | -5.32 |
| - Tourist activities | -1.84 | -1.31 | -1.11 | 0.94 | -5.83 |
| - Social atmosphere | 0.69 | -6.52 | -6.05 | -1.06 | -4.64 |
| - Infrastructure | -2.94 | -6.87 | -5.94 | 2.68 | -6.20 |
| - Reasonable prices | 0.85 | 3.60 | 3.79 | 0.03 | 0.25 |

| | | |
|---------------------------|---------------------------------------|-------------------------------|
| Crisis 1: | Closing the airports | Dec. 2-9, 2008 |
| Post crisis 1 (1): | 1 month after closing the airports | Dec. 26, 2008 - Jan. 31, 2009 |
| Post crisis 1 (2): | 2-3 months after closing the airports | Feb. 1 - Apr. 7, 2009 |
| Crisis 2: | Songkran civil violence | Apr. 8-22, 2009 |
| Post crisis 2: | 1 month after Songkran civil violence | Apr. 23 - May. 18, 2009 |

Source: Ibid.

Exhibit 17: Changes in satisfaction, perceived value, and loyalty due to crises

| Image | Crisis 1 | Post crisis 1 (1) | Post crisis 1 (2) | Crisis 2 | Post crisis 2 |
|------------------------------------|---------------|-------------------|-------------------|--------------|---------------|
| Satisfaction of tourist activities | -0.98 | -3.55 | -3.60 | 0.33 | -3.38 |
| - Facilities | <i>-8.01</i> | <i>-7.47</i> | <i>-7.21</i> | <i>-0.42</i> | <i>-4.52</i> |
| Overall satisfaction | -9.49 | -1.75 | -2.26 | -1.17 | -1.83 |
| Perceived value of tourism | -7.46 | -1.79 | -2.26 | -0.61 | -0.51 |
| Loyalty to tourist destinations | -11.21 | -5.89 | -5.81 | -2.64 | -2.01 |
| - Revisiting | <i>-10.90</i> | <i>-10.48</i> | <i>-9.67</i> | <i>-3.96</i> | <i>-0.61</i> |

| | | |
|---------------------------|---------------------------------------|-------------------------------|
| Crisis 1: | Closing the airports | Dec. 2-9, 2008 |
| Post crisis 1 (1): | 1 month after closing the airports | Dec. 26, 2008 - Jan. 31, 2009 |
| Post crisis 1 (2): | 2-3 months after closing the airports | Feb. 1 - Apr. 7, 2009 |
| Crisis 2: | Songkran civil violence | Apr. 8-22, 2009 |
| Post crisis 2: | 1 month after Songkran civil violence | Apr. 23 - May. 18, 2009 |

Source: Ibid.

Endnotes

¹ Source: Tourism Authority of Thailand, TAT (1995), <http://expo.nectec.or.th/tat/stable/history.html>

² Rama V, the fifth monarch of Siam under the House of Chakri is considered one of the greatest kings of Siam (September 20, 1853 - October 23, 1910). Rama V's birthday, October 23, is an official public holiday in Thailand. <http://en.wikipedia.org/wiki/Chulalongkorn>

³ He was often called the Father of the Thai radio and the Father of the Thai railways. (January 23, 1881 - January 29, 1936). http://en.wikipedia.org/wiki/Purachatra_Jayakara

⁴ The country's official name was Siam until June 23, 1939, when it was changed to Thailand. <http://en.wikipedia.org/wiki/Thailand>

⁵ The 11th Prime Minister of Thailand. (June 16, 1908 - December 8, 1963). In office: February 9, 1959 - December 8, 1963. http://en.wikipedia.org/wiki/List_of_Prime_Ministers_of_Thailand

⁶ Source : http://en.wikipedia.org/wiki/Tourism_in_Thailand

⁷ Tourism Authority of Thailand, TAT (1995), <http://expo.nectec.or.th/tat/stable/history.html>

⁸ "Visit Thailand Year" was a campaign to celebrate the auspicious occasion of His Majesty the King's 60th anniversary and to commemorate His Majesty becoming the longest reigning monarch in Thai history. (Ibid.). "Amazing Thailand" and "Unseen Thailand" had been the ongoing tourism campaign to stimulate international tourist arrivals and activities.

⁹ Office of Tourism Development: <http://www.tourism.go.th/2009/th/statistic/tourism.php>

¹⁰ Wattanakuljarus, A. and Coxhead, I. (2008). "Is Tourism-Based Development Good for the Poor?: A General Equilibrium Analysis for Thailand," *Journal of Policy Modeling*, 30 (6), 929-955.

¹¹ Tourism Authority of Thailand, TAT News Room, August 24, 2010, <http://www.tatnews.org/others/3132.asp>

¹² Ibid.

¹³ Ibid.

¹⁴ Tourism Authority of Thailand Annual Report (2003): Vision and mission of TAT under the TAT corporate plan (2003-2006), <http://www2.tat.or.th/tat/annual/2003/>

¹⁵ Ibid.

¹⁶ Tourism Authority of Thailand, TAT News Room, August 24, 2010, <http://www.tatnews.org/others/3132.asp>

¹⁷ Ibid.

¹⁸ http://en.wikipedia.org/wiki/September_11_attacks

¹⁹ http://en.wikipedia.org/wiki/Airport_security_repercussions_due_to_the_September_11_attacks

²⁰ http://en.wikipedia.org/wiki/Iraq_War

²¹ According to the World Health Organization (WHO), probable cases of SARS during November 1, 2002 - July 31, 2003 occurred in China, Hong Kong, Canada, Taiwan, Singapore, Vietnam, the U.S., the U.K., the Philippines, Mongolia, Macau, Kuwait, Ireland, Romania, Russia, Spain, Switzerland, and South Korea. http://en.wikipedia.org/wiki/Severe_acute_respiratory_syndrome

²² Tiensin T, Chaitaweesub P, Songserm T, Chaisingham A, Hoonsuwan W, and Buranathai C (2005) "Highly pathogenic avian influenza H5N1, Thailand, 2004." <http://www.cdc.gov/ncidod/EID/vol11no11/05-0608.htm>

²³ Ibid.

²⁴ http://en.wikipedia.org/wiki/2004_Indian_Ocean_earthquake_and_tsunami

²⁵ Ibid.

²⁶ http://en.wikipedia.org/wiki/2000s_energy_crisis

²⁷ http://en.wikipedia.org/wiki/Subprime_mortgage_crisis

²⁸ http://en.wikipedia.org/wiki/2009_flu_deaths_by_region

²⁹ http://en.wikipedia.org/wiki/2009_flu_pandemic

³⁰ The 23rd Prime Minister of Thailand. In office: February 9, 2001 - September 19, 2006. http://en.wikipedia.org/wiki/List_of_Prime_Ministers_of_Thailand

³¹ This section is compiled from various sources:
http://en.wikipedia.org/wiki/List_of_Prime_Ministers_of_Thailand;
http://en.wikipedia.org/wiki/Thaksin_Shinawatra;
http://en.wikipedia.org/wiki/Samak_Sundaravej;
http://en.wikipedia.org/wiki/Somchai_Wongsawat;
http://en.wikipedia.org/wiki/Abhisit_Vejjajiva;
Chanlett-Avery, E. (2009), "Political Turmoil in Thailand and U.S. Interests," Congressional Research Service (CRS), CRS Report for Congress, Prepared for Members and Committees of Congress, May 26, 2009.

Chanlett-Avery, E. (2010), "Thailand: Background and U.S. Relations," Congressional Research Service (CRS), CRS Report for Congress, Prepared for Members and Committees of Congress, June 21, 2010.

Cohen, E. (2010), "Tourism Crises – A Comparative Perspective," International Conference on Tourism Development and Management (ICTDM), Conference Proceedings, September 2009, ISBN 978-9963-9799-0-5.

³² The 25th Prime Minister of Thailand. In office: January 29, 2008 - September 8, 2006. http://en.wikipedia.org/wiki/List_of_Prime_Ministers_of_Thailand.

³³ The 26th Prime Minister of Thailand. In office: September 18, 2008 - December 2, 2008., Ibid.

³⁴ Since the Thai Rak Thai Party (TRT) was dissolved and banned due to election guilty, the People Power Party (PPP) was generally known as a nominee or representative political party of Thaksin Shinawatra afterward.

³⁵ Cohen, E. (2010). "Tourism Crises – A Comparative Perspective," International Conference on Tourism Development and Management (ICTDM), Conference Proceedings, September 2009, ISBN 978-9963-9799-0-5.

³⁶ Ibid.

³⁷ Since the People Power Party (PPP) was dissolved and banned due to election guilty, the Puea Thai Party (PTP) was again generally known as another nominee or representative political party of Thaksin Shinawatra.

³⁸ It is a traditional New Year's Day of Thailand during April 13-15. On the festival, people enjoyably throw water on each other.

³⁹ The 27th Prime Minister of Thailand. In office since December 17, 2008. http://en.wikipedia.org/wiki/List_of_Prime_Ministers_of_Thailand.

⁴⁰ The Pattaya summit was composed of ASEAN member countries, Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam, plus China, Japan, Australia, India, and New Zealand.

⁴¹ Bangkok Emergency Medical Service, <http://www.ems.bangkok.go.th/radmob.html>, cited in http://en.wikipedia.org/wiki/Tourism_in_Thailand

⁴² Cohen, E. (2010). "Tourism Crises – A Comparative Perspective," International Conference on Tourism Development and Management (ICTDM), Conference Proceedings, September 2009, ISBN 978-9963-9799-0-5.

⁴³ Barnes, J. (2009). "Restoring Thailand's Tourism Destination Image in the Wake of the Recent Political Crises: a few Proposals." Assumption University, Graduate School of Business.

⁴⁴ eTurboNews, May 26, 2010, "Restoring Image of the "Land of Smiles" will be an Uphill Battle for Thailand, <http://www.eturbonews.com/>

⁴⁵ Asia Travel Trade, 1992, AFTA the coup, September, pp. 8-9, cited in Barnes, J. (2009) (see footnote 45)

⁴⁶ eTurboNews, May 26, 2010, "Restoring Image of the "Land of Smiles" will be an Uphill Battle for Thailand, <http://www.eturbonews.com/>

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Thailand Tourism Report Q3, 2009, <http://www.pr-inside.com/thailand-tourism-report-q-r1404258.htm>

⁵⁰ Tourism Authority of Thailand, TAT News Room, October 9, 2010, http://www.tatnews.org/tat_news/4677.asp

⁵¹ Ibid.

⁵² Ibid.

⁵³ Isan means the southeast region of Thailand.

⁵⁴ Ibid., and Bangkok Post online, <http://www.bangkokpost.com/business/tourism/176452/plunge-in-arrivals-spells-b7-5bn-loss>

⁵⁵ Wattanakuljarus, A (2009). "How Critical is a Tourism Slump to Thai Economic Growth?," a research paper for the Thailand Research Fund (TRF, 2008) under the project: 'Thai Tourism: from Policy to Grassroots' by Professor Mingsarn Kaosa-ard, November, 2009.

⁵⁶ The critical slump is determined by a numerical simulation. In brief, overall inbound tourism demand is exogenously reduced until the real GDP growth rate drops by one percent – a significant decline in GDP.

⁵⁷ Untong, A. and Kaosa-ard, M. (2009). "Thailand's Political Crises: Changes in Image and Tourist Behavior," a research paper for the Thailand Research Fund (TRF, 2008) under the project: 'Thai Tourism: from Policy to Grassroots' by Professor Mingsarn Kaosa-ard, November, 2009.

⁵⁸ On May 26, 2010, a week after the crackdown, the MOTS provided a statement to assure them of their safety and reinstate tourists' confidence. http://www.mots.go.th/main.php?filename=MOTS_Statement_26_May_2010